PROPOSALS AFFECTING THE VA'S SERVICE-CONNECTED DISABILITY COMPENSATION AND DEPENDENCY AND INDEMNITY COMPENSATION

HEARING

BEFORE THE

SUBCOMMITTEE ON
COMPENSATION, PENSION, AND INSURANCE

OF THE

COMMITTEE ON VETERANS' AFFAIRS
HOUSE OF REPRESENTATIVES

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PROPOSALS AFFECTING THE VA'S SERVICE-CONNECTED DISABILITY COMPENSATION AND DEPENDENCY AND INDEMNITY COMPENSATION

THURSDAY, APRIL 28, 1988

U.S. House of Representatives,
Subcommittee on Compensation, Pension and Insurance,
Committee on Veterans' Affairs,
Washington, D.C.

The subcommittee met, pursuant to notice, at 9:02 a.m., in room 334, Cannon House Office Building, Hon. Douglas Applegate (chairman of the subcommittee) presiding.

Present: Representatives Applegate, Penny, Johnson, Evans, McEwen, Bilirakis, and Smith of New Hampshire.

OPENING STATEMENT OF MR. APPLEGATE

Mr. Applegate. The subcommittee will come to order.

Good morning to all of you. We are meeting here today to receive testimony on a number of proposals affecting the Veterans' Administration's service-connected disability compensation and dependency and indemnity compensation (DIC) programs, as well as the nonservice-connected pension programs.

In the President's fiscal year budget of 1989, he recommended an indexed cost of living increase in compensation and DIC benefits. The full committee rejected this proposal in its recommendation to the Budget Committee because of its long-standing view that such action would not be in the best interest of our service-disabled veterans. Although indexing would eliminate the need for annual legislative action, it would also take away one of this committee's most effective tools through which refinements to the programs can be made.

With this in mind, I introduced H.R. 4216 on March 22 to provide a 4.5 percent cost of living adjustment in service-connected disability compensation and dependency and indemnity compensation, effective December 1, 1988. This percentage is consistent with the Congressional Budget Office baseline estimate of the expected change in the CPI for fiscal year 1989.

The bill also contains amendments that would conform marriage requirements for all potential DIC recipients, expand and extend eligibility for participation in the temporary program of vocational rehabilitation for certain veterans in receipt of pension, and would extend the Administrator's authority to operate the VA regional office in the Philippines.

The other two bills on the agenda are H.R. 1918 which would authorize a service pension of $150 per month for certain veterans of World War I and a pension of $100 per month for certain surviving spouses of these veterans, and H.R. 3722 which would increase to $1,800 the current additional amount of pension for World War I veterans and provide a similar increase for surviving spouses of these veterans.

That is what our agenda is for this morning. Those are the bills that we will be hearing, and we do have some expert testimony which we are looking forward to hearing.

At this point, I would recognize my very distinguished colleague and friend, the vice chairman of the committee from the great State of Ohio, Mr. Bob McEwen.

OPENING STATEMENT OF HON. BOB MCEWEN

Mr. **McEwen**. Thank you very much, Mr. Chairman.

Our hearing today goes to the very heart of our nation's veterans program. Payment of adequate compensation to service-connected disabled veterans and their survivors is and, indeed, ought to be the highest priority of the Congress and the cornerstone of our veterans' benefits.

Mr. Chairman, the House Veterans' Affairs Committee spoke to this issue in our report to the House Budget Committee. We endorsed the President's budget proposal for a compensation increase which will be commensurate with the increase in the consumer price index.

We meet today to transform the President's request and our report into reality. Mr. Chairman, last year, the Congress did not pass a compensation bill until late in December. While it was retroactive to December 1 of 1987, it was not reflected in the beneficiary checks until last March, or just 60 days ago.

The Congress should do better than that, and I trust that this year we will, and that we will move H.R. 4216 in an expeditious way.

In this connection, I think it is important to mention that last year's delayed action was not due to any action or inaction on the part of this committee or the House of Representatives. It was primarily due to an attempt by the other body to wait and to join all the bills together passed by the House into one very large and cumbersome omnibus bill.

I, and the rest of the nation, hope that this kind of effort will not be repeated by the other body this year.

Mr. Chairman, we also meet today to consider pension legislation for World War I veterans and widows which you mentioned. We also consider the extension of the pilot program for vocational rehabilitation for certain pensioners and the continuation of the VA regional office in the Philippines.

We will also hear about the various other legislative proposals from our witnesses.

Mr. Chairman, I am anxious to hear the testimony to be given today, and I commend you again, as always, for your scheduling of these meritorious hearings and legislation before us and wish you well.

Thank you very much.

Mr. **Applegate**. The Chair recognizes Tim Johnson of South Dakota.

Mr. **Johnson**. Thank you, Mr. Chairman. I have no opening statement other than to commend you for holding this very timely hearing on the important issue of VA service-connected DIC programs as well as non-service- connected pension programs as we address the critical issue of cost of living increases. I again commend you for your legislative leadership in that area as well as our effort to address the problems of World War I pension benefits.

So, I am looking forward to listening to the testimony today and making badly needed progress in this area.

Thank you.

Mr. **Applegate**. Thank you very much. I appreciate that.

Mr. Bilirakis?

OPENING STATEMENT OF HON. MICHAEL BILIRAKIS

Mr. **Bilirakis**. Thank you, Mr. Chairman.

I, too, commend you, sir, for holding a hearing on these pieces of legislation and certainly am very supportive of all three pieces of legislation.

H.R. 1918 which is certainly very aptly numbered— I guess that was not a coincidence—on the World War I pensions is long overdue, and I am very pleased to see it finally seeing a little bit of light of day. Those people certainly have not had the benefit that our other veterans of subsequent wars have had. Consequently, I think the least we can do for the remaining few years is to seriously consider that piece of legislation.

Again, I thank you, Mr. Chairman.

Mr. **Applegate**. Thank you very much, Mr. Bilirakis.

As I said, we do have some very excellent testimony to hear this morning. First of all, we are very honored this morning by the presence of my good friend from California, the Honorable Glenn Anderson, chairman of the Public Works and Transportation Committee, with whom, I am proud to say, I serve on that committee.

Glenn is the prime sponsor of H.R. 1918 and has been working for a great number of years on behalf of the World War I veterans. So, Glenn, I welcome you here this morning, and we are looking forward with great interest to hearing your testimony.

STATEMENT OF HON. GLENN ANDERSON, A MEMBER OF CONGRESS FROM THE STATE OF CALIFORNIA

Mr. **Anderson**. Thank you, Mr. Chairman and members of the committee.

I am glad to have the opportunity to testify before you this morning. My remarks will be somewhat brief.

I am very pleased that not my constituent but my neighbor, Winston Roche, the National Legislative Director with the World War I Veterans is here with us, and he can correct anything I say that is wrong. If I make a mistake in figures, Win, you will take care of me, won't you, because he is from Los Angeles. He is not in my district. That is the only thing I am unhappy about, but he is from my area, and I am very pleased to have him here.

As you may know, this bill, H.R. 1918, is of great interest to me. I have introduced it in several previous sessions of Congress. I am always looking for a chance to talk about it.

H.R. 1918 seeks to rectify what I believe is a grave injustice that has been done. For 70 years, we have turned our backs on a group of men and women who came to the aid of our country in its time of need. For 70 years, we have ignored the soldiers who sacrificed their lives and their youth for us in succeeding generations. For 70 years, we have ignored these, you might say, unknown people and their cry for recognition.

I believe that the American public is in debt to the veterans of World War I. These selfless patriots fought for a free democratic world, and we have yet to repay them for that fight.

Why is this debt unpaid? Because the veterans of World War I fell between the cracks of the legislative system. Every other veteran of every other war has been honored in some way for his contribution to our country. From the Revolutionary War to the Spanish-American War, Congress and including all of those, Congress passed a service pension for all veterans and widows.

After World War II, the system changed, and Congress made available to veterans grants for education and loans for farms and homes. Somehow, the veterans of World War I got lost in the shuffle, caught between the two systems of compensation, and we have left them there for 70 years.

We still have a chance to honor these patriots, but we must enact H.R. 1918 in the 100th Congress, or many of these veterans will never receive their due. Currently, there are 126,000 living veterans of World War I. Their average age is 92, and 87.5 percent of them live in hospitals. Tragically, 14,000 veterans of World War I have died since the first of the year, 1988.

When will we recognize their contribution? When will we give to them the appreciation that they deserve? Will we erect a monument in their honor in 10 years with a small plaque that reads, "Due to a congressional oversight, these people were never recognized for their contribution to the United States."

It is easy to forget individuals, but it is not easy to forget a world war. Remember that terrible war and hear my plea for these forgotten patriots.

It so happens that I know, and knew, many of the veterans of World War I, and my memories of what we did as a country makes me ashamed. It so happens I am a little older than some of you up there, but I graduated from high school in 1930 in the middle of the Depression.

The average veteran was roughly 30 years old at that same time that I graduated from high school. So, our years were not that far apart.

We didn't give them a very good era to, in a sense, go out and look for a job in. When I graduated from high school, I was on a very high list. I was offered a scholarship in engineering and so on, but my father died when I was 12. My mother was supporting me the best that she could in 1930, and most people could not find a job.

I went out looking for work in 1930 from June. I found a couple of odds and ends cleaning up lawns and things like that, but I didn't get my first honest-to-goodness real job until the December rush at Christmas of postal telegraph, six months after I graduated from high school, and, as I said, I was on what you would call, I guess, the Dean's list. My pay was 60 cents a day for a 10-hour day, but I was lucky, because I had a job.

It cost me 30 cents a day just to go from Hawthorne to Los Angeles to work at the place, so I netted myself 30 cents a day for a 10-hour day, but I had a job. However, I saw thousands of veterans of World War I on the street corners in Los Angeles at that time. They couldn't find jobs. I saw many of them look for jobs, but they couldn't find them, and I saw them selling apples on the street.

The apples—I think the normal price was a nickel, but you could buy them for a penny or two because they would take anything. This was what we had turned these veterans back to in the 1920's and in the 1930's in this country of ours.

You might say, why didn't you go out and get a job? There weren't any jobs, and they didn't get the service pension that all their predecessors received. They didn't have the benefits that those of us in World War II got with all the educational bills.

I remember in the 1930's and in the 1940's that they were the ones who fought for those of us in World War II to get our benefits. It was the veterans of World War I who were leading the fight for almost every educational and housing benefit we got.

Yet, we haven't done for them what I think we should.

Now, my bill is very simple. It is not a rich one. It is a payment of $150 per month service pension. That would be in addition to any other benefit that they might have such as a current VA pension or disability payment. Now, a payment of $100 per month for qualifying widows of World War I veterans—that is not too much.

Five million Americans fought in World War I, and only 126,000 are still alive. They are almost all gone. Of those who still live, as I mentioned, 87.5 percent are confined to hospitals and nursing homes, and their average age is 92, and since January 1 of 1988, 14,000 have died.

If we are going to do something, we had better do it quick. At this point in time, it is estimated it would cost — at least they tell us—$500 million in authorizations. However, this figure cannot take into account how many will die in the next few years. If they continue to fail at the current rate—3,500 a month, I am told—there will be no veterans of World War I in three years.

Win Roche will be here. He is going to be here a long time. But that is the average, 3,500 a month. So, the estimate of $500 million is awfully high. Eventually and very quickly, it would dwindle to nothing.

As I said, veterans of every war before World War I were eventually granted a service pension. After World War II, an appropriate new philosophy had developed that they were a part of helping compensate those of us in World War II and subsequent wars with educational benefits and home and farm loans which are now in effect, but the veterans of World War I were sort of caught in the middle of all that, and they were just left out of those two approaches.

I would hope that, before it is too late, we can do something to recognize these veterans of World War I, and I think that H.R. 1918 is what we should come up with. I know that you people are just as concerned as I am, and I hope we can do something this year. If we wait too much longer, it is going to be too late.

Thank you very much, Mr. Chairman.

[The prepared statement of Mr. Anderson appears on p. 47.]

Mr. **Applegate**. Glenn, thank you very much for a very good statement.

You have been always at the forefront in pushing legislation to help to benefit World War I veterans, and all that you have stated is very accurate. As we know, World War I was supposed to be the war to end all wars, and, of course, that didn't happen. It didn't end much of anything for the World War I veterans, because they have been on the short end for all of these years.

As you pointed out, they organized and went to bat for the World War II veterans and got the GI Bill of Rights and all the benefits for World War II veterans.

I remember when I first came to Congress that you were introducing H.R. 1918, and I think, at that time, that I co-sponsored it with you along with a great number of others. I think there were about 450,000 World War I veterans.

Mr. **Anderson**. Isn't it 126,000?

Mr. **Applegate** [Continuing]. 126,000, and now that we are into the reconciliation phases of budgets, we still can't afford it. I don't know at what time in our economic life in Congress that we will find out that we can.

It is too bad, but we do have two bills before us and, hopefully, we will be able to get something out this year.

Mr. **Anderson**. Thank you very much, Doug.

Mr. **Applegate**. Thank you very much, Glenn.

Mr. **Anderson**. And be good to my almost constituent here.

Mr. **Applegate**. He is my guru. Of course, we are going to listen to Winston Roche. Winston Roche, as most people might know, is the National Legislative Director of the World War I Veterans.

Winston, it is always good to have you before the committee. You and I have had many discussions in my office talking about World War I veterans and, in fact, talking about all veterans, because you are concerned with all of them, and you always have been. You have been a great veteran and a great individual.

So, we are looking forward to hearing your testimony this morning.

STATEMENT OF WINSTON M. ROCHE, NATIONAL LEGISLATIVE DIRECTOR, WORLD WAR I VETERANS

Mr. **Roche**. Thank you, Mr. Chairman and members of this distinguished committee.

It is a privilege and a pleasure for us to be able to testify before you this morning. And I would like to take this opportunity to greet my fellow veterans' organizations who are here to testify for American's veterans and the Gold Star Mothers of America. I would like to present my sincerest greetings to them.

We thank the chairman and the subcommittee for this courtesy extended to us. We testify here today in a unique situation, certainly. The Veterans of World War I of the United States of America support and ask your favorable action on H.R. 3722 by Mr. Applegate and on H.R. 1918 by Mr. Anderson.

Each of the above bills relates to a particular segment of the veterans of World War I, in our opinion. H.R. 3722 will amend section 521(g) of Title 38 U.S.C. to provide, in section 1, a pension for World War I veterans and survivors or World War I veterans by striking out "$800" and inserting in lieu thereof "$1,800."

On surviving spouses, this bill would be extremely effective and helpful. It will amend section 541 by adding at the end the following new subsection:

"(1) The annual rate of pension payable under this section to a surviving spouse who is the surviving spouse of a veteran described in subsection (g) of section 521 of this title who met the service requirements of that section shall be increased by $600."

What this means you have no idea unless you have talked to them and been among them and seen the need. Even though it is a small amount, it would be a tremendous help to our ladies.

The Veterans of World War I wholeheartedly support this change. It is sorely needed by veterans and by the spouses. The average age, according to the usual state of knowledge of Members of the Congress and statistical bureaus, is 92.7, but, actually, we are looking at able veterans who are able to talk and would be able to come and appear before you here this morning to be in the area of 95. We are possibly at the World War I Veterans looking at an incoming national commander who is 97 years of age.

So, in looking at it realistically like we look at a day's grocery bill, it is far more serious than the statistics show. We would be especially happy if our surviving spouses who now exist on an average income of $386 per month would be entitled to a $600 increase.

H.R. 1918 would amend Title 38 of the United States Code to provide a service pension of $150 per month for the veterans of World War I and a pension of $100 per month for certain surviving spouses of such veterans. Now, we have made over the years very many concessions to bring this bill within the scope of the Congress and the committees to deal with.

The bill, in our opinion, now would primarily reach out to those veterans who do not receive any pension from World War I, and there are many hundreds who have never called upon the government and, among those, many would not reach out and ask for it, because they have been fortunate in their business during the years, and providence has taken care of them, and they would not request the benefits of this bill.

However, there are many hundreds of World War I veterans who are living on private pensions or what Social Security they have who, due to the statutes pertaining to the various pension requirements, would fall within the area that is over the so-called need barrier where you would not be eligible for a pension if you were living on an amount exceeding the barrier that has been placed by former bills.

The election of either of these bills—H.R. 1918 is an elective bill. You can elect to take it or not, and it certainly stands to reason that if the income of a veteran who is living close to the poverty level, if his income would exceed $150, he certainly would not be electing to take the benefits of H.R. 1918 if it were to become law.

However, we feel that both of these bills are necessary to maintain the few remaining World War I veterans. As I say, over the years, we have made many concessions as we have sought a service pension, and we are grateful to this committee for the kindness and the interest and the help that you have given us in years past.

I know it has worked with us to the best of its resources to take care of the veterans of World War I, and you have done a commendable job, and we thank you for it.

In Arlington Cemetery, there is a famous tomb of a soldier of the United States of America. On that tomb is carved in marble, "Here rests in honored glory an American soldier known but to God." That soldier is a World War I soldier.

His comrades never had a GI Bill. It was many years before he received hospital treatment. We are fast becoming the unknowns of America's veterans.

So, we ask this honorable committee to recognize these valiant old soldiers who made the world safe for democracy. Now, let us together ease their burdens and brighten the pages of our nation's history.

Mr. Chairman and members of the committee, I apologize, but thank you very much for this opportunity to testify.

[The prepared statement of Mr. Roche appears on p. 49.]

Mr. APPLEGATE. Thank you very much, Winston. That is the most beautiful statement I have ever heard, and I know that it comes from the heart in a very strong belief, and it could not have been stated any better than how you stated it.

I thank you for your input and your assistance to me throughout the years that I have known you for the work that you have done not only, again, for World War I veterans but, in your interest, on behalf of all veterans of this country. You are a great patriot, as were your buddies, and truly an American hero, and I thank you.

Mr. BILIRAKIS. Mr. Chairman, I hope I am not out of order, but any inquiries we may have, limited though they may be regarding H.R. 1918 or at least the issue, to whom would they be directed? Is Mr. Horton here?

Mr. APPLEGATE. Yes, Mr. Horton is here.

Mr. BILIRAKIS. Should they be directed to Mr. Horton?

Mr. APPLEGATE. Yes, that would be good.

Mr. BILIRAKIS. Thank you.

Mr. APPLEGATE. Mr. McEwen.

Mr. MCEWEN. Mr. Chairman, I would just join in your expressions of appreciation for Winston's testimony, and I thank him very much for his consistent and faithful concern for those who made the ultimate sacrifice and bear in their bodies the pain that, as you said, made the world safe for democracy.

Had America and you not responded at the time and the manner in which you did—I am sure those memories flow through you as you recall these instances—but the world has changed because you lived here, and we can never adequately express our gratitude, but we especially appreciate your coming and your faithful service to your country and to your comrades.

Mr. APPLEGATE. Mr. Penny?

Mr. PENNY. Mr. Chairman, I simply want to thank Winston for his testimony and reiterate what has been said by others here that we do appreciate so much his commitment to his fellow veterans and the kind of counsel that he continues to give to us.

Mr. APPLEGATE. Thank you.

Mr. Bilirakis?

Mr. BILIRAKIS. I certainly endorse your remarks and the remarks of our colleagues.

Sir, again, the gratitude of a great nation goes to a great group of veterans, and I reiterate my previous remarks. The least that we can do is to seriously consider some sort of an honor to them, even though it would be very minimal.

Thank you, sir.

Mr. APPLEGATE. Thank you very much.

Again, Winston, thank you from a very grateful nation and committee.

Our next witness will be Mr. Grady Horton, Deputy Chief Benefits Director for Program Management of the Veterans' Administration.

Grady, thank you for being here, and you may proceed. We want to try to stay within the five-minute rule, if we possibly can this morning, and if you could summarize anything you have, that would be helpful. If you feel it is necessary to take a little bit longer, you go right ahead and do that, but we have quite a few people this morning we want to hear.

STATEMENT OF GRADY W. HORTON, DEPUTY CHIEF BENEFITS DIRECTOR FOR PROGRAM MANAGEMENT, VETERANS' ADMINISTRATION

Mr. HORTON. Thank you, Mr. Chairman.

I would like to submit my statement for the record. I do have a short summary.

I found Mr. Roche's testimony very moving, and I regret that I have to appear behind him on the panel and give the government's position. I assure you that this is the Veterans' Administration's position and not necessarily Grady Horton's position after having followed his remarks.

I am pleased to be here this morning to present the agency's views on the three bills under consideration and to discuss Title I of the Administration's draft bill sent to the Congress on April 1, 1988. H.R. 4216, if enacted, would authorize a 4.5 percent cost of living increase in the statutory rates for C&P and DIC benefits. We support this aspect of the legislation.

Title I of the Administration's draft bill would provide for automatically indexing the COLA to the consumer price index. We believe this automatic indexing feature would assure veterans and their survivors that they would receive full, fair, and timely increases in their benefits.

We do not support that part of H.R. 4216 that would change the current two-year marriage requirement for surviving spouses in section 410(b) of Title 38. Present law requires one year of marriage for eligibility for DIC where death is service-connected. Section

410(b) confers entitlement to DIC in cases of non-service-connected death. We feel it is reasonable to require a more stringent requirement in these cases.

H.R. 4216 also would continue the current temporary program of vocational training for certain new pensioners. We support continuing this program.

We do not favor continuing the requirement that each veteran below age 50 participate in an evaluation. We think that participation should be voluntary.

We also oppose removing the limitation on the number of evaluations which can be provided during any one program year because of budgetary constraints.

Finally, H.R. 4216 would extend to September 30, 1991 the VA's authority to operate a regional office in the Philippines. We support this three-year extension.

H.R. 1918, the World War I Veterans Service Pension Act, would mandate payment of a monthly service pension to World War I veterans and their surviving spouses in lieu of any non-service-connected benefits. We oppose this bill.

First, it appears that those receiving service-connected disability or death benefits could concurrently receive this service pension. This would permit a class of beneficiaries to draw double benefits, a practice otherwise prohibited by Title 38.

Second, the government has for many years followed a policy of requiring disability and financial need before granting eligibility for pension benefits. H.R. 1918 would dispense with these criteria.

Third, at least some of the expenditures mandated by this bill would go to veterans who do not now qualify for pension. This measure clearly would not treat similarly circumstanced pensioners alike, nor would it provide the greatest amount of assistance to those with the greatest need.

We oppose enactment of this special service pension.

H.R. 3722 would provide an increase in yearly pension benefits for World War I veterans in receipt of improved disability benefits and for the surviving spouse of such veteran. We also oppose this bill.

World War I veterans currently are entitled to receive an additional $1,404 annually beyond that payable to veterans of later wars. This amount is automatically increased each year.

Mr. Chairman, I would be pleased to answer any questions at this time.

[The prepared statement of Mr. Horton appears on p. 51.]

Mr. APPLEGATE. Thank you very much, Grady. I appreciate that.

Let me just ask you this, the baseline estimate, according to the CBO, for the COLA is 4.5 percent and is the amount in our bill. Do you have any other information as to the current estimate for an eventual COLA?

Mr. HORTON. Not at this time, Mr. Applegate. As a matter of fact, my testimony had 4.2 percent. So, I am not sure which is even the right figure at this time, but we will know more about that as we get closer to the end of the year.

Mr. APPLEGATE. If the monies were available, would you object to funding an increase in the pension for World War I veterans? For instance, I know that Senator Murkowski had brought about a report that there was under-reporting of approximately $1 billion in income towards establishing eligibility for pensions which costs the VA about $180 million a year. Also, I think payment to incompetent veterans which we had an oversight hearing on and numbered some 50,000 just from 1982 to 1986 at a cost, I believe, of about $45 million which would mean about $225 million, something like that.

Would there be an objection from the Veterans' Administration to these bills if we were able to enact savings to offset their cost?

Mr. HORTON. Well, if there were savings or other provisions that would result in money be available, we would still be opposed to the bill on the basis of equity, truly. I think that our improved pension law is a model of an entitlement program in that it provides a minimum level of benefit based on need, and we think that the World War I veterans should fit in the same. It would be disparate to treat them differently from later veterans.

Mr. APPLEGATE. So, you think that would be an inequity?

Mr. HORTON. Yes, I do.

Mr. APPLEGATE. So, it is not a matter of money as far as the VA is concerned.

Mr. HORTON. Not strictly, no, sir.

Mr. APPLEGATE. Okay. That is all I have right now.

Mr. McEwen?

Mr. MCEWEN. Mr. Chairman, I would like to reserve my time and let Mr. Bilirakis go ahead.

Mr. APPLEGATE. At this time?

Mr. MCEWEN. Yes.

Mr. BILIRAKIS. Is that all right with you, Mr. Chairman?

Mr. APPLEGATE. Certainly, Mr. Bilirakis.

Mr. BILIRAKIS. Thank you very much.

Mr. Horton, Mr. Anderson testified that there are currently 126,000 living veterans of World War I. Is that correct? Do you agree with that figure?

Mr. HORTON. I don't have any reason to disagree with it. I don't think I have them in front of me. I think that is generally the right ballpark.

Mr. BILIRAKIS. Would that 126,000—well, he also has told us that 14,000 veterans of World War I have died since the first of this year, 1988, which would tell me that in the first three months of 1988, 14,000 World War I veterans have died.

Do you have any opinion on that?

Mr. HORTON. I don't have any figures in front of me, but I certainly think that is the correct ballpark.

Mr. BILIRAKIS. Let's assume that is the first quarter of this year and that 14,000 have passed on. We will just have to accept that figure. Mr. Anderson is not here. So, 3,000 per month is what I am told here. That is approximately 14,000 for the three.

Well, in any case, if we were to take 14,000 for three months or 3,000 a month and 36,000 per year and divide the 36,000 into the 126,000—and you can't really do that, because as you get older, the rate of passing on is going to be accelerated, obviously—but if we just take that kind of situation for purposes of discussion, we are talking, including the year 1988, about all of the 126,000 passing on by some time in the year 1990.

Mathematically, isn't that basically correct?

Mr. HORTON. Well, I am not an actuary, but I believe that you would predict that the number of veterans dying each year would change from year to year based on a smaller base. So, I am not sure—we still have a couple of Spanish-American War veterans around. So, it takes a long time for any population to disappear entirely.

Mr. BILIRAKIS. Well, you know, we aren't God, and even the actuaries don't know, but using these particular figures, it seems to me that by the end of 1990—and, granted, there are going to be some and, God willing, Mr. Roche will be one of them and others who will survive 1990 — but in terms of statistics, it would seem to me that by 1990, they would be virtually gone.

Yet, your figures on your formal remarks go all the way to 1993 and you talk about an estimated five-year cost exceeding $1 billion. There aren't going to be very many of them left in 1991, 1992, and 1993 based on these particular figures.

Would you agree? Are the figures that are reflected on your pages 17 and 18 of your prepared remarks based on actuarial values? Do you anticipate there would be that many World War I veterans remaining in 1991, 1992, and 1993 that it would cost $210 million, $173 million, and $143 million respectively?

Mr. HORTON. Those were the estimates we had come up with. I am not sure if those are actuarially sound or not. I hope they are. They were based on the information that we had.

Mr. BILIRAKIS. Well, all right. I guess we have to get maybe stronger figures.

Let me ask you, sir, if I may digress just very quickly, one last question. Are you familiar with a piece of legislation that I have introduced, H.R. 1547, providing that the remarriage of the surviving spouse of a veteran after age 55, that being the remarriage after that spouse has reached age 55, should not result in the loss of DIC? Are you familiar with that piece of legislation?

Mr. HORTON. I am not familiar with that particular legislation. I follow what you are saying.

Mr. BILIRAKIS. Okay. What do you think would be the VA position regarding that?

Now, I appreciate the fact that DIC is intended for a particular purpose, and I appreciate the fact that the argument can be made well, when the widow remarries, she no longer is as dependent and doesn't need the help, but we are talking here about people—I represent an area in Florida of many, many senior citizens. I consider it about the oldest area in terms of age in the country. For median age, it is like number three in the country, but the average age, I know, has to be a lot higher.

I see families, or at least did see until some changes were made recently, where couples would live together rather than remarry—I am talking about people in the sixties and seventies and eighties—because they didn't want to lose benefits. So, that is the reason I have introduced that piece of legislation.

Well, I am not going to put you on the spot at this point in time, but I would just call it to your attention and hope it will be something that you will have to come up here soon and testify, hopefully, for rather than against.

Thank you.

Thank you, Mr. Chairman. I appreciate again Mr. McEwen's yielding to me. I have a very important O&I hearing in Energy and Commerce at 10:00 which I must attend.

Mr. APPLEGATE. Thank you, Mr. Bilirakis.

Mr. Penny?

Mr. PENNY. I have no questions, Mr. Chairman.

Mr. APPLEGATE. Mr. Smith?

Mr. SMITH of New Hampshire. No questions, Mr. Chairman.

Mr. APPLEGATE. Mr. McEwen.

Mr. MCEWEN. Thank you, Mr. Chairman.

Mr. Horton, in your testimony, you referred to the administration's bill, as I understand it.

Mr. HORTON. Yes, sir.

Mr. MCEWEN. And there are provisions in there that are not in our bill which provide for a COLA. Can you fill me in on where this came from?

It was my understanding that the administration was somewhat opposed to COLA's in general and any new ones in particular.

Mr. HORTON. Well, all I can tell you is the Veterans' Administration and this administration at this time isn't. We think that indexing the compensation to the CPI makes sense. It would be administratively easier to handle, it would guarantee what has happened virtually every year anyway by congressional action, and it would be better for everybody concerned, as far as we can see.

Mr. MCEWEN. The Office of Management and Budget, obviously, approved this.

Mr. HORTON. Yes, sir.

Mr. MCEWEN. Well, they say consistency is the hobgoblin of small minds. So, we wouldn't want to—

Mr. HORTON. Well, our current pension program is tied to the CPI, and there is nobody who is ever going to allow the compensation program and the pension program to operate—you folks certainly are not going to let that happen. So, I think the administration certainly recognizes that we ought to be consistent between the two programs.

Mr. MCEWEN. I think they are going in the wrong direction. I think there has been a universal disagreement that the 1970's idea that we put the nation on automatic pilot in all the various areas has not proven to be the wisest course for us to take.

What is applicable during an economic condition of one decade is not necessarily universally applicable in following decades. This automatic pilot condition for a lot of our programs has gotten us in a lot of trouble, and we are trying to step off of them one at a time as we get the energy to do so.

I just found this of interest that they would take this course.

Thank you very much.

Mr. APPLEGATE. Thank you, Mr. McEwen.

I have one question, but one thing I wanted to mention is that you mentioned about equity with regard to the World War I veterans. It is sort of cold term. I just wondered where the equity was when the World War I veterans were not eligible for the benefits that they fought for for World War II veterans.

Mr. Horton. Mr. Applegate, I apologize if that is a cold term, I certainly didn't intend it to be. The equity that I was referring to was between classes of veterans.

We have a policy of trying to treat all veterans the same whether they be Vietnam veterans or World War I veterans, and that is all I meant by that term.

Mr. Applegate. I understand that, but what I mean is that regardless of how you look at it, the World War I veterans did not get the same benefits as all of the others. That is not your fault, but they did not get the same benefits as the World War II, the Korean, or the Vietnam veterans got.

Mr. Horton. You are correct, sir.

Mr. Applegate. So, this was to try to bring about a little bit more equity, try to bring them up, and give them a little bit more of a benefit. It seems to me that we could do that if the Veterans' Administration would set forth a program to try to correct the inequities or illegalities that are involved in the programs now with regard to what Senator Murkowski said.

I would think that would certainly show a tremendous amount of compassion on the part of the Veterans' Administration and the administration itself. So, I would suggest that the VA seriously look into investigating those charges and do something about coming up with a way to eliminate those inequities and finding the monies to fund some of these programs, particularly ones for the World War I veterans.

Let me ask you this: You had mentioned that, with regard to the vocational rehabilitation program, you think it should be an all volunteer program and there should be no mandatory provisions in it. Of course, it is now only mandatory to evaluate new pensioners and not to mandate that they enter into the program itself.

Do you think that many of the long-term pensioners would actually come in if it were strictly a voluntary program?

Mr. Horton. We think they would, yes, sir, but the flip side of this was really the basis of it. We just don't have a whole lot of luck rehabilitating people unless they do volunteer for it.

When we conducted the study of these veterans, we found that those who volunteered who were over 50 had a better success rate than those that were under 50 and came in for the mandatory, as you say, evaluation. They did not have to participate in the program.

Mr. Applegate. Of course, they still have a right to come in on a voluntary basis, but I think there are a lot of veterans out there who probably are fearful of coming in on a voluntary basis, because they are afraid that if they do, their pensions will be wiped out. Of course, that is not the intent of the legislation in the first place.

I think the intent of Congress in mandating that they come in was that it would be explained to them fully and that they would understand what the total consequences would be and that they would not lose their pension if they were not able to succeed through the program.

Mr. Horton. Well, we support continuing the program with these two minor provisions.

Mr. Applegate. That is good. We intend to continue the program. We intend to pass legislation to extend it and expand it, and we would certainly hope that we would have the wholehearted support of the Veterans' Administration.

Mr. HORTON. Yes,sir.

Mr. APPLEGATE. I want to thank you again for appearing before the committee.

Mr. HORTON. Thank you, sir.

Mr. APPLEGATE. Thank you very much.

Now, we can get down to asking Mrs. Geraldine Chittick who is the legislative chairwoman of the Gold Star Wives of America, to come forth along with Col. Herb Rosenbleeth, U.S, Army (ret.), national legislative director of the Jewish War Veterans.

Mrs. Chittick, we welcome you here. You have been here a good number of times, and for the good colonel, I think this is your second appearance before us.

Colonel ROSENBLEETH. That is correct.

Mr. APPLEGATE. So, we will begin with Mrs. Chittick.

STATEMENT OF GERALDINE CHITTICK, LEGISLATIVE CHAIRWOMAN, GOLD STAR WIVES OF AMERICA

Mrs. CHITTICK. Thank you, Mr. Applegate and members of the subcommittee.

We appreciate this invitation to participate in the hearing to present the views of Gold Star Wives of America on matters pertaining to dependency and indemnity compensation.

In response to H.R. 4216 to provide a 4.5 percent cost-of-living increase to DIC recipients, we certainly affirm that an increase is essential to prevent severe erosion of benefits. In spite of the generosity of this committee to annually adjust the rates along the lines indicated by the CPI, we are constantly aware that the necessities actually increase at a greater rate than the COLA covers. Quite noticeable in the rate chart is the $23 increase in the E-1 rate and $60 in the highest rate.

Gold Star Wives continues to be increasingly distressed as year after year goes by under the current DIC formula set almost 20 years ago, thus increasing the differential between top and bottom of the 23-rank rate scale to a colossal $846 per month in the 1989 projection. This figure is a great deal more than the total income from all sources for many of the DIC recipients.

We believe the problem with the present formula has become unconscionable. Year after year of a larger COLA amount on an amount that was already larger has resulted in this disparity that we believe was never intended.

The necessities of life increase almost equally, especially for the elderly, regardless of economic status. Spiraling costs of prescription drugs are not at all truly reflected in the CPI figures. In one year, the CPI increased 1.9 percent, while the cost of prescription drugs climbed 8.6 percent. Some widows report to me that medical expenses take one-fourth of their monthly income.

It is because of this continuing situation that Gold Star Wives passed a resolution at our 1987 national convention to request legislation for a one-time flat rate increase in DIC whereby appropriated COLA funds would be disbursed equally to all DIC recipients. We are extremely pleased that Chairman Applegate has so graciously introduced H.R. 4423, a bill based on the recommendation of Gold Star Wives. Thank you, Mr. Applegate, for this accommodation so that we can address the proposal at this hearing.

The rate schedule proposed in H.R. 4423 reflects a $28 increase in each of the 23 categories. We acknowledge that the COLA for those paid at the higher rates would be decreased and that such a move would not be a popular one with some of those recipients.

The figures do indicate that the number of recipients in the lower categories are such a large percentage of the total DIC recipients that a flat increase would not bring the E–1's and E–2's up as much as we would have hoped. This would indicate even more forcibly the urgent need for total DIC revision.

Although it has been suggested that a flat rate COLA is a socialistic approach, it is our belief that the value of a life cannot be totally equated to economic status or earning ability. We urge the committee to evaluate this, or any recommendation, which would enact a semblance of justice and fairness in the compensation program.

Note, in particular, that our organization did not and does not call for this proposal to be an on-going practice. It was requested as a one-time halt to the growing disparity between those being compensated for the loss of their husbands.

Gold Star Wives continues to believe the proposal for formula revision advocated by our organization for the past 10 years merits serious consideration. Such a plan as we have suggested would not be made obsolete by inflation.

We would also urge the consideration of H.R. 1547 to permit remarriage after age 55 without loss of DIC to be included in the committee's deliberations.

This completes my testimony, and I will be pleased to answer any questions.

Thank you.

[The prepared statement of Mrs. Chittick appears on p. 66.]

Mr. **Applegate**. Thank you very much, Mrs. Chittick.

Colonel Rosenbleeth?

STATEMENT OF COL. HERB ROSENBLEETH, U.S. ARMY (RET.), NATIONAL LEGISLATIVE DIRECTOR, JEWISH WAR VETERANS

Colonel **Rosenbleeth**. Chairman Applegate and members of the subcommittee, I thank you for the opportunity to appear today to testify before this distinguished committee. I am appearing personally today to emphasize the concern of the Jewish War Veterans for the surviving veterans of World War I, and I particularly want to commend Mr. Roche for his excellent and moving statement. It was terrific.

Since its founding in 1896, the Jewish War Veterans of the United States of America, the oldest active veterans organization, has stood for a strong national defense and for just recognition and compensation for veterans. The Jewish War Veterans favor passage of H.R. 4216 which would provide a 4.5 percent cost of living increase for veterans; support H.R. 1918 which provides a special pension for of World War I veterans; and support H.R. 3722, a bill to improve the pensions of World War I veterans and their widows.

In testimony before a joint session of the Senate and House Veterans' Affairs Committees on April 13, our National Commander made the following comments:

"The Jewish War Veterans believe special attention should be given to the surviving 140,000 veterans"—and I guess we have now concluded it is 126,000—"of the 4.4 million men and women who served in World War I. Their average age is now over 91 years and their mortality curve is approximately 3,000 per month."

Veterans of World War I did not receive the wide range of benefits provided by Congress for the veterans of later wars. JWV favors legislation which would provide a special pension for those World War I veterans who are subsisting on an income of less than $12,000 per year if single or $15,000 per year for those having one or more dependents. Jewish War Veterans believes this relatively low-cost program would be of great benefit to this special group of individuals.

JWV, therefore, strongly supports the provisions of both H.R. 1918 and H.R. 3722.

The Jewish War Veterans appreciates being able to appear before the subcommittee on these three very important legislative issues. We are grateful to Chairman Applegate and this subcommittee for their efforts in support of America's veterans.

[The prepared statement of Colonel Rosenbleeth appears on p. 68.]

Mr. APPLEGATE. Thank you very much, both of you. We certainly thank you very much for appearing before the subcommittee and giving us your testimony.

Among other people, I also know that we have a former National Commander of the World War I veterans who is here today, too, Mr. John Pavelik. John, it is good to see you.

We also have a good friend of veterans who was always in pushing for the PVA and who was very instrumental and pushed very strongly for the vocational rehabilitation program, and that is Bob Moran. Bob, it is always good to see you come back.

Our next panel will consist of Tom Miller, director of governmental and community relations with the BVA; Mr. Charles Partridge, legislative counsel of the National Association for Uniformed Services; and Gordon Thorson, national legislative service special assistant for the VFW.

It is always good to have you gentlemen before the committee. This is old hat to you. We will take you in the order that we have you marked on here and begin with Tom.

STATEMENT OF THOMAS H. MILLER, DIRECTOR OF GOVERNMENTAL AND COMMUNITY RELATIONS, BLINDED VETERANS ASSOCIATION

Mr. MILLER. Thank you, Mr. Chairman.

I want to extend my appreciation this morning for the opportunity to appear before this distinguished subcommittee to present the views of the Blinded Veterans Association regarding H.R. 4216, H.R. 3722, and H.R. 1918.

It is kind of unusual for us to go first. I usually have the good fortune of going last, and then I can just kind of reiterate everything everyone else has said, but now I am on the hot seat, and everyone is going to have to reiterate what I say, I guess, but—

Mr. **Applegate**. We will switch around, if you would like to do that.

Mr. **Miller**. It doesn't look any different going first or last. I do have to say that. [Laughter.]

The Blinded Veterans Association certainly wants to express its support for H.R. 4216 which would provide a 4.5 percent cost of living adjustment to disability compensation and DIC recipients. We do so not from any position of being able to go back to our membership and say see what we did, see what we have gotten for you, but to reflect a general need on the part of severely disabled veterans for a cost of living adjustment.

As we all know, it is extremely difficult for all Americans to keep pace with the inflation rate. We are grateful, however, that the inflation rate has been significantly reduced in recent years, but the inflation spiral still continues to edge upwards, and we want to emphasize the impact this has on severely disabled veterans who have a number of additional expenses that are directly related to their disabilities that the average American does not have to contend with. I am speaking particularly of just meeting some of our basic daily living needs.

In our case with blinded veterans, we have the need for readers, for assistance in just handling our bills and banking, for shopping, transportation costs, and even simple home repairs that the average American can handle on his own require additional expenses for our constituency.

We certainly want to reinforce the need for the cost of living adjustment for the DIC recipients. As we have testified on many occasions in the past, there is a crying need for complete revision of the DIC system and formula for computing benefits.

I was listening to Mr. Roche's testimony, and we talked about the hardships that the World War I veterans have encountered and the inequities that exist. I think the DIC system is also very reflective of that. The surviving spouses experience an extreme loss of or reduction in income with the loss of their spouse, and it is very difficult to go from the income derived from 100 percent service-connected compensation or even SMC down to $300 or $400 or $500 a month that has been determined by their rank while having served in the military some 30 or 40 or 50 years earlier.

We do support the other provisions of H.R. 4216, particularly the extension of the vocational rehabilitation pilot program for the non-service-connected disabled veteran. We feel that is a very cost effective program, and we don't particularly have a position or concern about the voluntary or mandatory nature of that program.

Regrettably, the BVA has never taken a formal position or does not have a formal position on either H.R. 3722 or H.R. 1918, but the inequity that has been pointed out and the hardship and the unfairness and the lack of recognition received by the World War I veteran is certainly disgraceful, and I know our membership would certainly advocate adequate recognition and benefits for those veterans who fought so hard not only to defend freedom and democracy in the world, but also for all the benefits that most of us enjoy now.

One of the overriding concerns is that everything seems to be in these recent years is the cost, the bottom line. We understand that that is probably the single factor that is deterring any formal revision of the DIC program which we don't think should be a factor. Equally so, we would not advocate that that should be the overriding concern with providing adequate benefits for the World War I veteran, but the reality seems to be that that is the case.

If somehow funds can be found, these are both very deserving programs and constituencies that should be recognized with appropriate benefits.

That concludes my statement, Mr. Applegate, and I would certainly be pleased to answer any questions that might come up.

[The prepared statement of Mr. Miller appears on p. 69.]

Mr. APPLEGATE. Thank you very much, Tom.

Charlie?

STATEMENT OF CHARLES C. PARTRIDGE, LEGISLATIVE COUNSEL, NATIONAL ASSOCIATION FOR UNIFORMED SERVICES

Mr. PARTRIDGE. Mr. Chairman, I very much appreciate the opportunity to present the views of the National Association for Uniformed Services to this panel, and I would just like to mention that our membership has grown. We were about 20,000 members three or four years ago, and we are now at 52,000 and growing. So, I am even more pleased to discuss this with you, and the numbers of widows in our organization has grown from around 6,000 to nearly 12,000.

We support H.R. 4216. We very much appreciate the fact that this committee, each year, looks at the inflation rate and makes a determination as to what the cost-of-living adjustment should be. We believe that this procedure of reviewing it each year should continue.

We also believe that the DIC program should be changed so that widows may remarry after age 55 without losing the benefit. As you know, the Civil Service, the Foreign Service, and military survivor benefit plan recipients may do so, and we would like to see that extended to DIC widows.

We, too, would like to see the method of computing the DIC rates changed where a basic minimum amount would be paid and then that rate would be adjusted based on pay grade, length of service, and other factors, including perhaps the circumstances leading to cause of death.

I will certainly reiterate our support for H.R. 1918 and H.R. 3722. After the eloquent testimony here today on those two bills, we would just simply state that we support them.

Mr. Chairman, when you received testimony earlier this month on H.R. 303, you asked the question, how are we going to pay for this? The answer resulted in either an increase in tax dollars or a decrease in the veterans' benefits. While I believe this country should continue to accept responsibility for the cost of caring for the veteran and his survivor, our nation should also look for reimbursement for these costs from those who created the veteran and the survivor in the first place.

Further, we should look to the future and recognize that deployment of military forces today will result in veterans and survivors in the future.

In the case of the bills before the committee today, the major costs would fall on the countries with whom we have our largest trade deficits—the Federal Republic of Germany and Japan. We believe there is no better time than now to ask that they share in these costs.

There is also a great deal of interest in burden sharing, sharing the cost with our allies of providing a defensive shield in the Pacific, the Middle East, and Western Europe. This concept has merit, and these discussions with our allies should include the future costs which this country will have to pay to those currently serving in these parts of the world. Such costs would include military retirement pay and veterans' and survivors' compensation and medical care.

I very much appreciate, Mr. Chairman, the opportunity to present these views. On behalf of our members, it is a great privilege to appear here today.

Thank you.

[The prepared statement of Mr. Partridge appears on p. 72.]

Mr. APPLEGATE. Thank you very much, Charlie. I appreciate that.

Gordon?

STATEMENT OF GORDON R. THORSON, SPECIAL ASSISTANT, NATIONAL LEGISLATIVE SERVICE, VETERANS OF FOREIGN WARS

Mr. THORSON. Mr. Chairman and members of the subcommittee, the Veterans of Foreign Wars of the United States are privileged to appear today and give testimony in support of legislation to honor those Americans that stepped forward and served their country during the First World War.

My name is Gordon R. Thorson, and I am proud to represent the viewpoint of our organization. I am prouder still of the comradery I share with all those individuals who have served this country and, especially, my fellow veterans who served in World War I.

Though we may have served during different periods of war, we have a common bond—our love of country and the courage to serve in its defense. World War I veterans now average 93 years of age. There are only a small number remaining and still able to carry the torch. If Congress is ever going to give special recognition to this noble group of Americans, this committee must make a bipartisan effort to advance legislation this session to allow them a final tribute.

The VFW supports H.R. 3722 and H.R. 1918. Our written testimony offers suggestions to improve H.R. 1918, and we feel confident that this subcommittee will make the necessary amendments to ensure equity and fair treatment for all World War I veterans and their surviving spouses.

Let's not forget that this group of veterans did not receive any VA benefits when they came home. Nevertheless, these same World War I veterans fought long and hard to ensure that future veterans did receive benefits. World War I veterans are largely responsible for the establishment of the VA benefits system as we now know it. I, for one, would like to say thank you to the World War I veterans for the benefits that I as a Vietnam veteran was allowed to receive.

If it weren't for their efforts, I and many millions of other veterans who served in World War II and Korea would not have had the opportunities we now have in this country.

I have one final comment. The VFW also supports H.R. 4216, a bill that would provide a 4.5 percent increase in compensation and DIC rates. We agree with this committee's efforts to continue cost of living adjustments as needed to ensure that veterans and their survivors are allowed to maintain a decent quality of life.

However, we are here today mainly in support of World War I veterans, and think it is about time that something is done for these Americans.

Thank you, sir.

[The prepared statement of Mr. Thorson appears on p. 75.]

Mr. APPLEGATE. Thank you, Gordon. That couldn't have been better said.

Mr. McEwen?

Mr. MCEWEN. I have no questions, Mr. Chairman.

Mr. APPLEGATE. Mr. Smith?

Mr. SMITH of New Hampshire. No questions, Mr. Chairman.

Mr. APPLEGATE. Well, everybody is very agreeable up here.

Mr. MCEWEN. I do have one question, Mr. Chairman.

Mr. APPLEGATE. Certainly.

Mr. MCEWEN. Mr. Partridge, you have an excellent suggestion in the closing comments of your testimony. Do you have any idea as to how we implement those?

Mr. PARTRIDGE. Well, I think the first point would be to get the idea out, and then we could discuss it. You know, from time to time, we renegotiate status of forces agreements with the various host nations where we have our troops. My feeling would be that it could be a part of those negotiations or a part of the negotiations on the trade deficits.

However, it needs to be brought up as a cost of war.

Mr. MCEWEN. What is so extremely unfortunate is that they recognize that if they do not accept any responsibility that in the interests of peace and freedom in the world, the United States will do it. We negotiated in 1982 an agreement with Japan whereby they would take a sphere of influence around Vladivostok, recognizing that the entire Soviet fleet comes in right past them, and we could save millions of dollars if they were to track the subs and surface ships.

They agreed to do it, and shortly thereafter, the subs were appearing all over the Pacific, and we are right back to doing it. They know that when they drop the ball and the world is at risk, Belgium and New Zealand and others can have both sides of the argument. They can carry no responsibility, but when the going gets tough, the United States, as has consistently been the case in World War I or World War II or any other example, when freedom is truly challenged, will not permit it to fall.

So, it is an excellent suggestion. I approve of it wholeheartedly, and if there is any way that we can do it, I am anxious to hear the mechanism.

Thank you.

Mr. **Partridge**. I understand.

Mr. **Applegate**. Mr. Evans?

Mr. **Evans**. I have no comments, Mr. Chairman. I appreciate the opportunity to hear these issues, though.

Mr. **Applegate**. Thank you very much.

Thank you, gentlemen, for appearing before the committee. We appreciate very much hearing your expert testimony.

I would remind everybody, too, that those who have written testimony will have it entered into the record in its entirety.

The last panel that we have will consist of John Bollinger, associate legislative director of the Paralyzed Veterans of America; Stephen Edmiston, deputy national legislative director, Disabled American Veterans; Mrs. Jean Arthurs, director lf aegislative Affairs, National Association of Military Widows; and Phil Wilkerson, assistant director, National Veterans' Affairs and Rehabilitation Commission of the American Legion.

Good morning to all of you, and thank you again for appearing before the committee. I think what we will doing, being the chivalrous person that I am, is begin with Mrs. Arthurs.

STATEMENT OF JEAN ARTHURS, DIRECTOR, LEGISLATIVE AFFAIRS, NATIONAL ASSOCIATION OF MILITARY WIDOWS

Mrs. **Arthurs**. Good morning, Mr. Chairman.

It is a pleasure to appear before you to present the views of the National Association of Military Widows relating to the DIC program and the World War I pension program.

As you know, I am Jean Arthurs, president of the National Association of Military Widows, and we thank you for allowing us to provide testimony today. We do appreciate the work over the years of this committee and how it has benefitted a great number of our widows whose servicemen died in the service of our country.

In the interest of time, I shall synopsize my statement.

The bill under consideration, H.R. 4216, provides a 4.5 percent cost of living increase for compensation and DIC benefits. We accept this to be an adequate adjustment to benefit rates under the current economic conditions. However, we find it advisable to point out that the DIC compensation is not a gratuitous compensation. It is to the beneficiary of DIC, meaning that the recipient has been the victim of the ultimate devastation due to the death of her benefactor, her husband, the father of her children who gave his life for his service to our country.

It is necessary to point out that with the majority of our DIC widows, we do find many hardships. For many, the DIC compensation is their only source of income, and in many cases, it just about pays the rent. Everyone has observed prices as they continue to escalate, so we know inflation is depleting our standard of living every day.

As statistics indicate, DIC compensation replaces about one-fourth of the basic pay at time of death. If this pays the mortgage payments, little is left over for food and other necessities. The biggest problem, as we understand it, is the health problems which are monumental and frightening. The mean age of DIC widows is now over 60 years of age, and health problems do multiply.

Just what does Medicare cover? What prescriptions are covered? When is physical therapy considered by Medicare? Why will not a Veterans' Administration hospital fill prescriptions for the widow who lives within a block of the compound?

In some cases, the problems are due to the infirmities of old age. On the other hand, we challenge any person of average intelligence to handily cope with all the necessary procedures of this Medicare care. Our association works with these widows. This is so complex just trying to get proper care for these widows and then to find out that they have an enormous bill to pay is very frustrating and unnerving.

We are finding that due to the apprehension and fear of the cost, increasing numbers of widows are not seeking medical care when needed. When catastrophic illness strikes or infirmities demand institutional care, the small DIC compensation precludes turning to Medicaid for coverage. In the final analysis, these widows cannot afford care on DIC; Medicare has too many loopholes which entail too much expense; and with the DIC compensation, they are not acceptable to Medicaid. It is inevitable that as a person ages, problems of health become paramount and have to be properly cared for.

According to the statute, the DIC widow whose sponsor died in active duty is entitled to care in service hospitals. Unfortunately, this is not enforced, and widows are not accepted as patients.

With proper identification, Bethesda Naval Hospital does honor this entitlement. However, Dewitt Army Hospital at Fort Belvoir has issued a dispatch that it does not include widows for care at some clinics. Some widows have been instructed by the VA hospitals that they are not obligated to care for DIC widows even though these widows carry CHAMPVA cards which have been issued by the VA.

These inequities need to be straightened out with the amount of DIC compensation, these related issues are of equal importance and prove defeating to these widows.

H.R. 1918 and H.R. 3722 provide for special compensation for the World War I veterans and their widows. While we approve of this and recommend passage of both bills, our mail indicates that these widows experience the same problems of aging which include the support of livelihood, health problems, and the need for care.

If you notice, I have a letter from one of the widows at the end of my testimony that we find very interesting. Some of these widows take a dim view of how they are handled.

My time is up, but we do urge passage of H.R. 1547 and H.R. 412. This would put the DIC widows in the same category as all other government service widows who are allowed to remarry after age 55 and they would still not lose their DIC compensation.

One fact is certain, there is no widow that has given more for her country through the death of her sponsor than the DIC widow. So few widows could remarry in these later years. The cost cannot be a contributing factor.

In the name of equity, this should be corrected.

With this, I will conclude my testimony, and if you have any questions, I shall be glad to answer them.

Thank you.

[The prepared statement of Mrs. Arthurs appears on p. 77.]

Mr. Applegate. Thank you very much, Mrs. Arthurs.

John, we would be pleased to hear from you now.

STATEMENT OF JOHN C. BOLLINGER, ASSOCIATE LEGISLATIVE DIRECTOR, PARALYZED VETERANS OF AMERICA

Mr. Bollinger. Thank you very much, Mr. Chairman.

On behalf of our members, we very much appreciate the opportunity to appear here today and present the views of Paralyzed Veterans of America regarding H.R. 4216, H.R. 1918, and H.R. 3722.

PVA commends you for introducing the Veterans' Compensation Amendments of 1988. By so doing, you have ensured that veterans, their dependents, and their survivors will once again be provided for at an appropriate level of maintenance. We continue to believe that the process of establishing COLA's should not be dictated by the consumer price index and should remain within this legislative body.

Congressman Applegate, over the past several years, PVA has worked very hard on the issue of vocational rehabilitation for pension recipients. I extend our sincere appreciation not only for your efforts in the 98th Congress which resulted in the passage of Public Law 98-543 but for you and your staff's continued efforts to extend and embellish this innovative program.

By expanding the vocational rehabilitation program and offering this valuable service to all under age 50 pension recipients, this bill has greatly improved the probability that this program will return many-fold the investment we make in it.

In this regard, our concern is with the present 3,500 case limitation on the program. We urge this subcommittee to obtain meaningful statistics from the VA in order to determine if there are veterans who would be feasible for training yet are unable to participate because of a limit on the number of pensioners that can be evaluated.

Present law provides health care eligibility for three years to those individuals whose pension has been terminated due to the successful completion of the vocational rehabilitation program and subsequent employment. PVA is concerned that this provision may likely deter a potential applicant who otherwise can rely on category A medical care for the rest of his life.

We feel it would be beneficial to the long-term success of the program to extend this temporary health care coverage to provide category A medical services for a five-year period. After this temporary period, the veteran would be subject to the existing means test to determine the appropriate category of eligibility.

In regard to H.R. 1918, PVA is definitely in sympathy with the plight of low income World War I veterans. Our concern with H.R. 1918 is that the neediest World War I veteran would not benefit by it. We believe this bill would be more equitable if the pension were provided on a means tested basis.

H.R. 3722 would provide the greatest benefit to those who need it the most. If the cost of this proposed legislation is determined to be prohibitive, PVA could support increases of lesser magnitude than the ones proposed in the bill.

Mr. Chairman, I would like to take this opportunity, if I may, to address an issue not on the agenda but that affects many of our members and one that I have discussed with your staffs. Present law states that when a non-service-connected pension recipient without dependents is being furnished hospital or nursing home care by the VA, his or her pension will be reduced in an amount not in excess of $60 a month after three full calendar months of care.

Mr. Chairman, the present pension law which exists to prevent severe poverty is, by virtue of section 3203, causing extreme financial hardship for these hospitalized veterans affected by it. A veteran's financial obligations do not end by virtue of the fact that the government is temporarily providing room and board.

When Public Law 86–211 was enacted 28 years ago, it was reasoned by the Congress that a veteran who receives all essential care in kind as he does when hospitalized by the VA that the need for a money supplement to the basic essentials of daily living—food, shelter, and clothing—is greatly reduced. It was felt that the reduced pension would provide adequate funds for minor luxuries.

Mr. Chairman, $2 a day for such luxuries plus one's already meager outside income turns a poverty stricken veteran into a completely bankrupt one. Once again, the neediest recipients are the ones who suffer the largest reductions in their pensions.

We propose two alternatives: Number one, eliminate the pension reduction in total for veterans without dependents who are hospitalized or being provided nursing home care when such care has not been authorized beyond a six-month period; or, number two, reinstate the provisions of section 3203 of the prior pension law.

Under this provision, pension reduction would not occur until after six full months of hospitalization. Amounts withheld would be subject to payment after the veteran's discharge.

Mr. Chairman, PVA strongly urges this subcommittee and staff to reassess the purpose of the pension reduction provision. We feel you will come to the same conclusion we did that the intent of Congress is not being upheld by a provision which causes severe financial hardship for these individuals who are already near the poverty line.

That concludes my testimony, sir, and I will be glad to answer any questions that I can.

[The prepared statement of Mr. Bollinger appears on p. 85.]

Mr. APPLEGATE. Thank you very much, John. We will look into that.

Mr. BOLLINGER. Thank you, sir.

Mr. APPLEGATE. Steve?

STATEMENT OF STEPHEN L. EDMISTON, DEPUTY NATIONAL LEGISLATIVE DIRECTOR, DISABLED AMERICAN VETERANS

Mr. EDMISTON. Thank you, Mr. Chairman.

On behalf of the Disabled American Veterans and its ladies auxiliary, it is a pleasure for me to appear here this morning to express our views on the pending legislation.

Over the years, this subcommittee has been most diligent in its efforts to ensure that the purchasing power of service-connected disability and death benefits has kept pace with our society's rising costs of goods and services. The most recent adjustment was Public Law 100–227, and that made about the 14th consecutive year that this subcommittee addressed that important issue. For this, the DAV is most appreciative to you, Mr. Chairman, and all members of the subcommittee.

H.R. 4216, as introduced, would authorize a 4.5 percent across-the-board increase in the basic disability compensation and DIC benefit rates. This same percentage would be applied to increases in dependency allowances and, with one exception, to the special statutory awards that apply to the compensation and DIC programs as well as to the VA's annual clothing allowance. The proposed increase has an effective date of December 1, 1988.

I wish to make special note of the fact that H.R. 4216 does not propose to increase the (k) award as set forth in section 314(k) of Title 38 U.S.C. This is a special monthly benefit which is presently $63 and is paid in addition to the other basic rates of compensation to certain veterans who have incurred the service-connected loss or loss of use of a single extremity or certain other body organs and functions.

Mr. Chairman, with the concern noted, the DAV does support favorable consideration of the disability compensation and DIC adjustments as proposed by H.R. 4216.

Section 8 of H.R. 4216 proposes to amend and recodify certain provisions of current law, section 410(b), relating to the benefits for surviving spouses and children of certain deceased totally disabled service-connected veterans. The DAV has no objections to the recodification of this section, and we fully support the amendment in the definition of the term "surviving spouse" as it places such definition in an identical position with that which currently defines DIC spouses as set forth in section 404 of Title 38 U.S.C.

Section 9 of the bill proposes, through various amendments to section 524, to extend the temporary program of vocational training under chapter 31 for certain new pension recipients from January 31, 1989 to January 31, 1992, and to totally remove the current cap of 2,500 such veterans who may receive evaluation and training as provided for under this section of law.

Finally, section 10 of the bill would extend the continued operation of the VA regional office in the Philippines until September 30, 1991.

Mr. Chairman, the DAV has no official mandated position with respect to either section 9 or 10 of the bill. However, the DAV would have no objection to their favorable consideration and passage so long as section 9 of the bill does not adversely impact on the availability of chapter 31 vocational rehabilitation training benefits designed for service-connected disabled veterans.

Through appropriate amendments to Title 38 U.S.C., H.R. 1918 and H.R. 3722 seek to provide additional pension benefits to veterans of World War I and their surviving spouses. The DAV has no official mandate in support of either H.R. 1918 or H.R. 3722. However, it is our observation that H.R. 1918 violates the long-established principle of financial need that is the basis of the VA's non-service-connected disability and death pension programs.

Furthermore, H.R. 3722 proposes an increase in the current non-service-connected disability and death pension programs solely on the basis of an individual's participation in a specific war period.

Therefore, Mr. Chairman, the DAV is unable to support favorable consideration of either bill.

With that, Mr. Chairman, that concludes my testimony. Again, I want to thank you and the members of the subcommittee for providing us this opportunity.

[The prepared statement of Mr. Edmiston appears on p. 92.]

Mr. APPLEGATE. Thank you very much, Steve.

Phil?

STATEMENT OF PHILIP R. WILKERSON, ASSISTANT DIRECTOR, NATIONAL VETERANS' AFFAIRS AND REHABILITATION COMMISSION, THE AMERICAN LEGION

Mr. WILKERSON. Thank you very much, Mr. Chairman and members of the subcommittee.

The American Legion is appreciative of this opportunity to share with you its views on legislation providing improvements in the compensation, DIC, and non-service pension programs.

H.R. 4216 would provide a 4.5 percent cost of living adjustment in both compensation and DIC benefits to be effective December 1, 1988. We wish to commend you, Mr. Chairman, for holding this timely hearing to consider this legislation.

The last increase in these rates was provided under Public Law 100–227, effective December 1, 1987. The American Legion is strongly supportive of annual adjustments to these benefits consistent, at least, with the increases in the consumer price index. The proposed COLA under H.R. 4216 appears to be consistent with the projected rise in the current consumer price index.

H.R. 4216 also includes a proposal to remove the limitation on the number of veterans who may be evaluated to determine their feasibility for vocational training or employment services following a grant of non-service-connected disability pension. This cap is currently set at 3,500 annually.

This program was established under Public Law 98–543 and went into effect on February 1, 1985. H.R. 4216 would extend the duration of this pilot program until January 31, 1992.

Now, according to the Vocational Rehabilitation and Counseling Service, following a rather slow start in the first year, the activity in this program has increased significantly and, over the past three years, a total of some 6,600 individuals have been evaluated. The overall number of vocational evaluations for pension recipients is expected to remain at a fairly high level over the next few years.

The American Legion, however, believes that a specific limit on the number of evaluations is now unnecessary, particularly in view of the fact that it is unlikely there will be any sudden or dramatic increases in the foreseeable future in the number of veterans coming onto the pension rolls. The fact also is that the VR&C Service has done a very commendable job in accommodating this additional responsibility into their chapter 31 workload for service-connected disabled veterans, and it appears they are able, thus far, to provide necessary services to eligible veterans within a reasonable time frame.

H.R. 3722 proposes that an additional pension benefit to that currently authorized for veterans of World War I be increased from $800 to $1,800 and that additional pension benefits of $600 be provided to the surviving spouse of such veterans. The American Legion supports the proposed amendments of H.R. 3722.

H.R. 1918 proposes a service pension for World War I veterans. The American Legion, however, has been mandated for the past ten years to sponsor and support legislation to establish a special pension program for this most deserving group of veterans.

H.R. 2448, introduced in May of 1987, would authorize a pension of $150 per month to a veteran of World War I who is unmarried and whose income did not exceed $12,000 per year or a married veteran whose annual income does not exceed $15,000.

In consideration of their dauntless service to their country during the terrible ordeal of the first world war, their faithful support of this nation throughout all of its tribulations since that time, and their unselfish support for improved benefit programs for later generations of America's veterans, we of the American Legion believe it is time to provide this special measure of protection for the veterans of World War I.

Mr. Chairman, that concludes my statement, and I would be glad to respond to any questions.

[The prepared statement of Mr. Wilkerson appears on p. 96.]

Mr. **Applegate**. Thank you very much, Phil. I appreciate your support for the World War I veterans bills, and I am sorry the VFW doesn't feel the same way, but maybe as time goes on, they will see things a little bit differently.

Mr. **Thorson**. I don't believe you meant to say the Veterans of Foreign Wars, Mr. Chairman.

Mr. **Applegate**. I am sorry, Gordon. I meant to say the DAV. The VFW does support it very strongly. As a matter of fact, you made a very outstanding statement on it, so I am sorry about that error.

Nevertheless, thank you all very much for appearing before the committee.

Do you have any questions, Mr. McEwen, on these statements?

Mr. **McEwen**. Again, I am grateful for the appearance of our witnesses, and I have no questions, Mr. Chairman.

Mr. **Applegate**. Mr. Smith?

Mr. **Smith** of New Hampshire. I have no comments, Mr. Chairman. I thank the witnesses for their testimony.

Mr. **Applegate**. You do such a beautiful job that nobody wants to ask you any questions.

I thank you very much for appearing before the committee once again. Thank you.

Mr. **Wilkerson**. Thank you, Mr. Chairman.

Mr. **Applegate**. I would note for the record that there have been several organizations that have asked that they be allowed to submit testimony on the legislation we have discussed this morning. Without objection from members of the committee, it shall be so.

I thank you all very much for coming, and the subcommittee stands adjourned.

[Whereupon, at 10:50 a.m., the subcommittee adjourned, to reconvene subject to the call of the Chair.]

APPENDIX

I

100TH CONGRESS
1ST SESSION

H. R. 1918

To amend title 38, United States Code, to provide a service pension of $150 per month for veterans of World War I and a pension of $100 per month for certain surviving spouses of such veterans.

IN THE HOUSE OF REPRESENTATIVES

APRIL 2, 1987

Mr. ANDERSON introduced the following bill; which was referred to the Committee on Veterans' Affairs

A BILL

To amend title 38, United States Code, to provide a service pension of $150 per month for veterans of World War I and a pension of $100 per month for certain surviving spouses of such veterans.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This Act may be cited as the "World War I Veterans' Service Pension Act".

SEC. 2. WORLD WAR I SERVICE PENSION.

(a) WORLD WAR I VETERANS.—(1) Subchapter II of chapter 15 of title 38, United States Code, is amended by inserting after section 512 the following new section:

"§ 513. Veterans of World War I

"(a) Except as provided in subsection (b) of this section, the Administrator shall pay to each veteran of World War I who meets the service requirements of this section a pension at the monthly rate of $150.

"(b) A veteran may not be paid both a service pension under this section and pension under another provision of law administered by the Veterans' Administration. A veteran who is otherwise entitled to a service pension under this section and pension under another provision of law administered by the Veterans' Administration shall elect under which provision of law the veteran will receive pension. Any such election shall be in accordance with procedures prescribed by the Administrator.

"(c) A veteran meets the service requirements of this section if the veteran served in the active military, naval, or air service—

"(1) for 90 days or more during World War I;

"(2) during World War I and was discharged or released from such service for a service-connected disability; or

"(3) for a period of 90 consecutive days or more which began or ending during World War I.

"(d) For the purposes of this section, the term 'World War I' has the meaning given that term in section 101 of this title.".

(2) The table of sections at the beginning of such chapter is amended by inserting after the item relating to section 512 the following new item:

"513. Veterans of World War I.".

(b) SURVIVING SPOUSES.—(1) Subchapter III of chapter 15 of title 38, United States Code, is amended by inserting after section 541 the following new section:

"§ 541a. Certain surviving spouses of World War I veterans

"(a) Except as provided in subsections (b) and (c) of this section, the Administrator shall pay to the surviving spouse of each deceased World War I veteran who met the service requirements of section 513 of this title a pension at the monthly rate of $100.

"(b) A surviving spouse may not be paid both a pension under this section and pension under another provision of law administered by the Veterans' Administration. A surviving spouse who is entitled to pension under this section and under another provision of law administered by the Veterans' Administration shall elect under which provision of law the surviving spouse will receive pension. Any such election shall be in accordance with procedures prescribed by the Administrator.

"(c) Pension may not be paid to the surviving spouse of a veteran under this section unless the surviving spouse was married to the veteran—

"(1) before December 14, 1944;

"(2) for one year or more; or

"(3) for any period of time, if a child was born of the marriage or was born to them before the marriage.".

(2) The table of sections at the beginning of such chapter is amended by inserting after the item relating to section 451 the following new item:

"541a. Certain surviving spouses of World War I veterans.".

SEC. 3. EFFECTIVE DATE.

The amendments made by section 2 shall apply to payments under chapter 15 of title 38, United States Code, for months after September , 1987.

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I

100TH CONGRESS
1ST SESSION

H. R. 3722

To amend title 38, United States Code, to improve pension benefits for World War I veterans and for surviving spouses of such veterans.

IN THE HOUSE OF REPRESENTATIVES

DECEMBER 9, 1987

Mr. APPLEGATE (by request) introduced the following bill; which was referred to the Committee on Veterans' Affairs

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A BILL

To amend title 38, United States Code, to improve pension benefits for World War I veterans and for surviving spouses of such veterans.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. PENSION FOR WORLD WAR I VETERANS AND SURVIVORS.

(a) WORLD WAR I VETERANS.—Section 521(g) of title 38, United States Code, is amended by striking out "$800" and inserting in lieu thereof "$1,800".

(b) SURVIVING SPOUSES.—Section 541 is amended by adding at the end the following new subsection:

"(i) The annual rate of pension payable under this section to a surviving spouse who is the surviving spouse of a veteran described in subsection (g) of section 521 of this title who met the service requirements of that section shall be increased by $600.".

(c) EFFECTIVE DATE.—The amendments made by this section shall take effect on October 1, 1988.

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100TH CONGRESS
2D SESSION

H. R. 4216

To amend title 38, United States Code, to increase the rates of compensation and dependency and indemnity compensation (DIC) payable to veterans with service-connected disabilities and their survivors, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

MARCH 22, 1988

Mr. APPLEGATE (for himself, Mr. MCEWEN, Mr. MONTGOMERY, and Mr. SOLOMON) introduced the following bill; which was referred to the Committee on Veterans' Affairs

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A BILL

To amend title 38, United States Code, to increase the rates of compensation and dependency and indemnity compensation (DIC) payable to veterans with service-connected disabilities and their survivors, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE; REFERENCES TO TITLE 38, UNITED STATES CODE.

(a) SHORT TITLE.—This Act may be cited as the "Veterans' Compensation Amendments of 1988".

(b) REFERENCES.—Except as otherwise expressly provided, whenever in this Act an amendment or repeal is expressed in terms of an amendment to, or repeal of, a section or other provision, the reference shall be considered to be made to a section or other provision of title 38, United States Code.

SEC. 2. DISABILITY COMPENSATION.

(a) IN GENERAL.—Section 314 is amended—

(1) by striking out "$71" in subsection (a) and inserting in lieu thereof "$74";

(2) by striking out "$133" in subsection (b) and inserting in lieu thereof "$139";

(3) by striking out "$202" in subsection (c) and inserting in lieu thereof "$211";

(4) by striking out "$289" in subsection (d) and inserting in lieu thereof "$302";

(5) by striking out "$410" in subsection (e) and inserting in lieu thereof "$428";

(6) by striking out "$516" in subsection (f) and inserting in lieu thereof "$539";

(7) by striking out "$652" in subsection (g) and inserting in lieu thereof "$681";

(8) by striking out "$754" in subsection (h) and inserting in lieu thereof "$788";

(9) by striking out "$849" in subsection (i) and inserting in lieu thereof "$887";

(10) by striking out "$1,411" in subsection (j) and inserting in lieu thereof "$1,474";

(11) by striking out "$1,754" and "$2,459" in subsection (k) and inserting in lieu thereof "$1,833" and "$2,570", respectively;

(12) by striking out "$1,754" in subsection (l) and inserting in lieu thereof "$1,833";

(13) by striking out "$1,933" in subsection (m) and inserting in lieu thereof "$2,020";

(14) by striking out "$2,199" in subsection (n) and inserting in lieu thereof "$2,298";

(15) by striking out "$2,459" each place it appears in subsections (o) and (p) and inserting in lieu thereof "$2,570";

(16) by striking out "$1,055" and "$1,572" in subsection (r) and inserting in lieu thereof "$1,102" and "$1,643", respectively; and

(17) by striking out "$1,579" in subsection (s) and inserting in lieu thereof "$1,650"; and

(b) SPECIAL RULE.—The Administrator of Veterans' Affairs may adjust administratively, consistent with the increases authorized by this section, the rates of disability compensation payable to persons within the purview of section 10 of Public Law 85-857 who are not in receipt of compensation payable pursuant to chapter 11 of title 38, United States Code.

SEC. 3. ADDITIONAL COMPENSATION FOR DEPENDENTS.

Section 315(1) is amended—

(1) by striking out "$85" in clause (A) and inserting in lieu thereof "$89";

(2) by striking out "$143" and "$45" in clause (B) and inserting in lieu thereof "$149" and "$47", respectively;

(3) by striking out "$59" and "$45" in clause (C) and inserting in lieu thereof "$62" and "$47", respectively;

(4) by striking out "$69" in clause (D) and inserting in lieu thereof "$72";

(5) by striking out "$155" in clause (E) and inserting in lieu thereof "$162"; and

(6) by striking out "$131" in clause (F) and inserting in lieu thereof "$137";

SEC. 4. CLOTHING ALLOWANCE FOR CERTAIN DISABLED VETERANS.

Section 362 is amended by striking out "$380" and inserting in lieu thereof "$397".

SEC. 5. DEPENDENCY AND INDEMNITY COMPENSATION FOR SURVIVING SPOUSES.

Section 411 is amended—

(1) by striking out the table in subsection (a) and inserting in lieu thereof the following:

"Pay grade	Monthly rate	Pay grade	Monthly rate
E-1	$541	W-4	$776
E-2	558	O-1	686
E-3	573	O-2	707
E-4	609	O-3	758
E-5	625	O-4	800
E-6	638	O-5	883
E-7	670	O-6	995
E-8	707	O-7	1,075
E-9	[1] 739	O-8	1,179
W-1	685	O-9	1,264
W-2	713	O-10	[2] 1,387
W-3	734		

"[1] If the veteran served as sergeant major of the Army, senior enlisted advisor of the Navy, chief master sergeant of the Air Force, sergeant major of the Marine Corps, or master chief petty officer of the Coast Guard, at the applicable time designated by section 402 of this title, the surviving spouse's rate shall be $797.

"[2] If the veteran served as Chairman or Vice-Chairman of the Joint Chiefs of Staff, Chief of Staff of the Army, Chief of Naval Operations, Chief of Staff of the Air Force, Commandant of the Marine Corps, or Commandant of the Coast Guard, at the applicable time designated by section 402 of this title, the surviving spouse's rate shall be $1,486.";

(2) by striking out "$60" in subsection (b) and inserting in lieu thereof "$63";

(3) by striking out "$155" in subsection (c) and inserting in lieu thereof "$162"; and

(4) by striking out "$76" in subsection (d) and inserting in lieu thereof "$79".

SEC. 6. DEPENDENCY AND INDEMNITY COMPENSATION FOR CHILDREN.

(a) DIC FOR ORPHAN CHILDREN.—Section 413(a) is amended—

(1) by striking out "$261" in clause (1) and inserting in lieu thereof "$273";

(2) by striking out "$376" in clause (2) and inserting in lieu thereof "$393";

(3) by striking out "$486" in clause (3) and inserting in lieu thereof "$508"; and

(4) by striking out "$486" and "$97" in clause (4) and inserting in lieu thereof "$508" and "$101", respectively.

(b) SUPPLEMENTAL DIC FOR DISABLED ADULT CHILDREN.—Section 414 is amended—

(1) by striking out "$155" in subsection (a) and inserting in lieu thereof "$162";

(2) by striking out "$261" in subsection (b) and inserting in lieu thereof "$273"; and

(3) by striking out "$133" in subsection (c) and inserting in lieu thereof "$139".

SEC. 7. EFFECTIVE DATE FOR RATE INCREASES.

The amendments made by section 2 through 6 shall take effect on December 1, 1988.

SEC. 8. RECODIFICATION OF PROVISIONS RELATING TO CERTAIN BENEFITS FOR SURVIVORS OF CERTAIN VETERANS.

(a) IN GENERAL.—(1) Subchapter II of chapter 13 is amended by adding at the end the following new section:

"§ 418. Benefits for survivors of certain veterans rated totally disabled at time of death

"(a) The Administrator shall pay benefits under this chapter to the surviving spouse and to the children of a deceased veteran described in subsection (b) of this section in the same manner as if the veteran's death were service connected.

"(b) A deceased veteran referred to in subsection (a) of this section is a veteran who dies, not as the result of the veteran's own willful misconduct, and who was in receipt of or entitled to receive (or but for the receipt of retired or retirement pay was entitled to receive) compensation at the time of death for a service-connected disability that either—

"(1) was continuously rated totally disabling for a period of 10 or more years immediately preceding death; or

"(2) if so rated for a lesser period, was so rated continuously for a period of not less than five years from the date of such veteran's discharge or other release from active duty.

"(c) Benefits may not be paid under this chapter by reason of this section to a surviving spouse of a veteran unless—

"(1) the marriage to the veteran occurred before the expiration of 15 years after the veteran's discharge or other release from active duty;

"(2) the surviving spouse was married to the veteran for one year or more; or

"(3) a child was born of the marriage or was born to them before the marriage.

"(d) If a surviving spouse or a child receives any money or property of value pursuant to an award in a judicial proceeding based upon, or a settlement or compromise of, any cause of action for damages for the death of a veteran described in subsection (a) of this section, benefits under this chapter payable to such surviving spouse or child by virtue of this section shall not be paid for any month following a month in which any such money or property is received until such time as the total amount of such benefits that would otherwise have been payable equals the total of the amount of the money received and the fair market value of the property received.

"(e) For purposes of sections 1448(d) and 1450(c) of title 10, eligibility for benefits under this chapter by virtue of this section shall be deemed eligibility for dependency and indemnity compensation under section 411(a) of this title.".

(2) The table of sections at the beginning of chapter 13 is amended by inserting after the item relating to section 417 the following new item:

"418. Benefits for survivors of certain veterans rated totally disabled at time of death.".

(b) CONFORMING AMENDMENTS.—Section 410 is amended by striking out subsection (b) and redesignating subsection (c) as subsection (b).

(c) EFFECTIVE DATE.—The amendments made by this section shall take effect on October 1, 1988.

SEC. 9. VOCATIONAL REHABILITATION FOR PENSION RECIPIENTS.

(a) ELIGIBILITY.—Section 524(a) is amended—

(1) in paragraph (1), by striking out "Subject to paragraph (3) of this subsection, in" and inserting in lieu thereof "In";

(2) in paragraph (2), by striking out "Subject to" and all that follows through "program period" and inserting in lieu thereof "In the case of a veteran over the age of 50 who is awarded pension during the program period, or any veteran who was awarded pension before the beginning of the program period, if such veteran";

(3) by striking out paragraph (3); and

(4) by redesignating paragraph (4) as paragraph (3).

(b) EXTENSION OF PROGRAM PERIOD.—Sections 524(a)(3) (as redesignated by subsection (a)(4)), 524(b)(4)(A), and 525(b)(2) are amended by striking out "January 31, 1989" and inserting in lieu thereof "January 31, 1992".

SEC. 10. CONTINUED OPERATION OF VETERANS' ADMINISTRATION REGIONAL OFFICE IN THE PHILIPPINES.

Section 230(b) is amended by striking out "September 30, 1988" and inserting in lieu thereof "September 30, 1991".

○

REMARKS BY GLENN M. ANDERSON ON H.R. 1918

APRIL 28, 1988

Mr. Chairman, I am glad to have the opportunity to testify before you this morning. As you may know, this bill is of great interest to me. I have introduced it in several previous sessions of Congress and I am always looking for a chance to talk about it.

H.R. 1918 seeks to rectify a grave injustice that has been done. For 70 years, we have turned our backs on a group of men and women who came to the aid of our country in its time of need. For 70 years, we have ignored the soldiers who sacrificed their lives and their youth for us, succeeding generations. For 70 years, we have ignored these unknown people and their cry for recognition. I believe that the American people are in debt to the veterans of World War I. These selfless patriots fought for a free, democratic world, and we have yet to repay them for that fight.

Why is this debt unpaid? Because the veterans of World War I fell between the cracks of the legislative system. Every other veteran of every other war has been honored in some way for his contribution to our country. From the Revolutionary War to the Spanish-American War, Congress passed a service pension for all veterans and widows. After World War II, the system changed, and Congress made available to veterans grants for education, and loans for farms and homes. Somehow, the veterans of World War I got lost in the shuffle, caught between the two systems of compensation. We have left them there for 70 years.

We still have a chance to honor these patriots. But we must enact H.R. 1918 in the 100th Congress, or many of these veterans will never receive their due. Currently, there are 126,000 living veterans of World War I. Their average age is 92, and 87.5% of them live in hospitals. Tragically, 14,000 veterans of World War I have died since the first of the year 1988. When will we recognize their contribution? When will we give tc them the appreciation that they deserve? Will we erect a monument in their honor in ten years, with a small plaque that reads, "Due to a Congressional oversight, these people were never recognized for their contribution to the United States"!

It is easy to forget individuals, but it is not easy to forget a World War. Remember that terrible war, and hear my plea for these forgotten patriots.

STATEMENT OF

The Veterans of World War I
# of the United States of America, Inc.

by

Winston M. Roche'
National Legislative Director

Before the
Subcommittee on Compensation
Pension & Insurance
334 Cannon House
Washington, D.C.

April 28, 1988

Veterans of World War I
of the U.S.A., Inc.
941 North Capitol Street, N.E.
Washington, D. C. 20002-4324

Mr. Chairman and Members of this Distinguished Subcommittee, it is a recognized privilege to be invited to testify on behalf of the Veterans of World War I of the U.S.A., Inc., this morning.

I am Winston M. Roche', Legislative Director and Past National Commander. We thank the Chairman and the Subcommittee for the courtesy extended to us. We testify today in a "Unique Situation." The Veterans of World War I of the U.S.A., Inc., support and ask your favorable action on H.R. 3722 by Mr. Applegate, and H.R. 1918 by Mr. Anderson.

Each of the above named "Bills" relates respectively to a particular segment of the surviving Veterans of World War I. H.R. 3722 will amend - Section 521(g) of TITLE 38, United States Code, to provide, SECTION 1. PENSION FOR WORLD WAR I VETERANS AND SURVIVORS.

(a) World War I Veterans -- by striking out "$800" and inserting in lieu thereof "$1,800".

(b) Surviving Spouses -- Amend Section 541 by adding at the end the following new subsection:

> "(i) The annual rate of pension payable under this section to a surviving spouse who is the surviving spouse of a veteran described in subsection (g) of section 521 of this title who met the service requirements of that section shall be increased by $600.".

Veterans of World War I of the U.S.A., wholeheartedly support this change. It is sorely needed by Veterans and by the Spouses. The average age of our Veterans is now 92.7 years and the spouses average 84 years. The average pension is $386 per month. Our surviving spouses would for the first time, be entitled to a payment of $600 per year in addition to regular widow's benefits.

H.R. 1918 would amend TITLE 38, United States Code to provide a Service Pension of $150 per month for Veterans of World War I and a pension of $100 per month for certain surviving spouses of such Veterans. The bill in our opinion, would primarily reach out to those Veterans not now receiving any pension from the United States Government, provided that the Veteran of World War I, meets the requirements of the so-called *"Means Test,"* or if now receiving a needs based pension, would be required to elect to choose one or the other. The election or choice once made, would be irrevocable.

We feel that these bills are necessary to maintain the few surviving Veterans of World War I. Over the years, we have made many concessions as we sought a Service Pension and we are grateful that this Committee has worked with us to the best of its resources to take care of the Veterans of World War I. On the Tomb of The Unknown Soldier the inscription reads, *"Here Rests In Honored Glory An American Soldier Known But To God."* He is A World War I Veteran. His Comrades never had a "GI Bill" to help them readjust to civilian life. It was many years before they received hospital care or a needs based pension. They are now in dwindling numbers fast becoming the "Unknowns of America's Veterans." It is not too late.

We ask this Honorable Committee to recognize these valiant Veterans who "made the World safe for Democracy." Let us, together, ease their burdens and brighten the pages of our Nation's History.

We thank you Mr. Chairman and Members of this Honorable Committee for the opportunity to address you.

Winston M. Roche'
National Legislative Director

STATEMENT OF
GRADY W. HORTON
DEPUTY CHIEF BENEFITS DIRECTOR
FOR PROGRAM MANAGEMENT
VETERANS ADMINISTRATION
BEFORE THE
SUBCOMMITTEE ON COMPENSATION, PENSION AND INSURANCE
COMMITTEE ON VETERANS' AFFAIRS
HOUSE OF REPRESENTATIVES
APRIL 28, 1988

Mr. Chairman and Members of the Subcommittee:

I am pleased to be here this morning to present the views of the Veterans Administration on the following bills introduced in the 100th Congress, each of which would amend title 38 of the United States Code. H.R. 4216 would provide cost-of-living increases in rates of compensation and dependency and indemnity compensation (DIC), make minor changes in DIC eligibility, extend vocational rehabilitation benefits for certain pension recipients, and continue the operation of the VA Regional Office in the Philippines. H.R. 1918 would provide for the payment of service pensions to veterans of World War I and the surviving spouses of such veterans. H.R. 3722 would augment pension benefits for World War I veterans and their surviving spouses.

I am also pleased to discuss title I of the Administration's draft bill transmitted to the Congress on April 1, 1988, which, if enacted, would authorize automatic annual increases in the rates of disability compensation for veterans, and DIC for surviving spouses and children, based upon changes in the Consumer Price Index.

H.R. 4216, if enacted, would authorize 4.5 percent cost-of-living increases in the statutory rates of these benefits for the same classes of veterans and survivors. The proposed rate adjustment is no doubt designed to assure that the beneficiaries of these benefits keep abreast of the steadily increasing cost of living. Title I of our draft bill, which would index compensation COLA's, is designed for the same purpose, though the approach differs. Both propose an effective date of December 1, 1988, for the next cost-of-living increase.

Disability compensation benefits are payable under chapter 11 of title 38 to provide monetary relief from impairments in earning capacity suffered by veterans disabled during, or as a result of, military service. Rates of compensation vary with the degrees of disability demonstrated, and additional compensation is payable for dependents if the veteran's disability is rated 30 percent or more disabling.

DIC benefits are payable under chapter 13 of title 38 to the surviving spouses and children of veterans whose deaths were service connected. Payments at DIC rates may also be made if a veteran's death was not service connected but the veteran was rated totally disabled for a specified period prior to death. Surviving spouses' DIC rates are based on the veterans' military pay grades. A surviving spouse may receive additional payments for the veteran's children under the age of 18, or if the surviving spouse is disabled. Children over the age of 18 who become helpless before reaching that age may receive DIC, as may those between ages 18 and 23 attending approved educational institutions. If there is no surviving spouse, a child under the age of 18 may also receive DIC.

The administration of the disability compensation and DIC programs is one of the VA's most important missions. We recognize a duty to recommend periodic adjustments in monthly rates as economic conditions change. In recent years, compensation adjustments have generally been keyed to indexed COLA's in Social Security and VA pension. However, these adjustments have not been automatic. Rather, they have been accomplished by the enactment of separate public laws designed for that purpose, the last being Public Law No. 100-227 (1987). Since 1973, legislation has been enacted every year but one (1983) granting increases in these benefits to compensate for increases in the cost of living. We have consistently supported these adjustments.

The Administration strongly support~~s COLA's~~ based upon actual increases in the cost of living. However, we believe this may best be done by legislation that would provide for an automatic annual increase in compensation rates indexed to the periodic Consumer Price Index (CPI) increases, as in the case of pension and a number of other governmental benefits. Tying compensation and DIC rates to the CPI would assure veterans and their survivors that they would receive full increases, commensurate with inflation, in a timely manner. Had such a provision been in place last year, there would not have been the unfortunate delay in giving effect to the most recent compensation COLA. Our proposal would also save Congress the difficulty of regularly considering new veterans' COLA legislation, as it has been required to do virtually every year for over a decade and twice in the same year in one instance, and provide more time for program oversight.

Accordingly, while we do support the concept of the cost-of-living increase embodied in H.R. 4216, we feel, for the reasons stated above, that it should be amended to index future compensation and DIC COLA's to annual changes in the CPI.

We estimate the first 5-year cost resulting from enactment of the COLA in H.R. 4216, as drafted, would be as follows:

Fiscal Year	Cost ($ millions)
1989	401.5
1990	479.9
1991	477.9
1992	475.8
1993	473.5

Based on the 4.2 percent COLA estimated for fiscal year 1989, and the projected changes in the CPI for fiscal years 1990 through 1993, and taking into consideration the 4.2 percent compensation/DIC increase effective December 1, 1987, it is estimated that automatic increases in compensation and DIC rates under title I of the Administration's draft bill would result in the following additional costs, which are included in the President's 1989 Budget.

Fiscal Year	Cost ($ millions)
1989	360.9
1990	786.2
1991	1,188.7
1992	1,542.8
1993	1,850.0

The difference in costs in 1989 between H.R. 4216 and the Administration's proposal is due entirely to the difference between the 4.5% COLA in H.R. 4216 and the 4.2% COLA assumed by the Administration. Under the Administration's proposal, costs would vary depending upon the actual COLA. The 1990-93 amounts for the Administration's proposal show the compounding effect of each year's estimated COLA. These are not included in the 1990-93 cost estimates for H.R. 4216.

There would be no significant administrative costs associated with the foregoing parts of H.R. 4216 or title I of our draft bill.

H.R. 4216 also proposes changes, primarily of a technical nature, to section 410(b)(1) of title 38, which currently authorizes DIC, under specified conditions, to surviving spouses and children of veterans whose deaths were not service-connected but who were continuously paid compensation for total service-connected disabilities for prescribed periods. Section 410(b)(2) provides for offset against benefits for any amount the claimant may receive as judicial or other damages for the death of the veteran. H.R. 4216 would strike section 410(b) and move these provisions to a new section 418, "Benefits for survivors of certain veterans rated totally disabled at time of death."

H.R. 4216 would, however, make one substantive change. Section 410(b)(1) presently requires that, for this benefit to be payable to a surviving spouse, he or she must have been married to the veteran for at least two years immediately preceding the veteran's death. H.R. 4216 would change the marriage requirement so as to qualify a surviving spouse who "was married to the veteran for one year or more."

We do not support the substantive provision of this bill. Present law, at section 404(1), requires one year of marriage for eligibility for DIC where death is service connected. Because section 410(b) generously confers entitlement to DIC in cases of nonservice-connected death, it is not unreasonable that there be some higher standard required, i.e., the present two-year marriage provision.

Otherwise, we have no objection to the technical amendments this measure would make. The effective date of the removal of section 410(b) and addition of section 418 would be October 1, 1988.

There are no statistical data on the number of surviving spouses who apply for and are denied benefits as a result of being married to the veteran for at least one year, but less than two years, prior to the veteran's death. Therefore, we are unable to provide the costs for this section of the bill.

H.R. 4216 would continue the current temporary program of vocational training for certain new pensioners, provided under section 524 of title 38, with the following amendments: the termination date would be extended from January 31, 1989, to January 31, 1992; there would be no limitation on the number of evaluations of veterans in any program year, versus the current limit of 3,500; veterans whose pensions had been awarded prior to the program period could be provided an evaluation if review of their applications indicated they had good employment potential; and terminations of pension entitlement arising as a consequence of the provisions of section 525 (under which the veteran's health-care eligibility is protected if he or she loses pension benefits because of income from work or training) are extended from January 31, 1989, to January 31, 1992.

Based on our recently submitted report regarding findings with respect to the present program, we do not favor continuance of the requirement that each veteran below age 50 participate in an evaluation. This requirement was useful in establishing the extent of vocational potential among pensioners below age 50 but, having fulfilled this function, it now serves as a barrier to program effectiveness in view of the proportion of veterans for whom achievement of a vocational goal is not reasonably feasible. We favor a voluntary-participation program. We also oppose removal of the limitation on the number of evaluations which can be provided during any one program year, since we believe this limitation is an aid in making the best use of limited staff time. Our report on this program contains recommendations we deem helpful in formulating a sound vocational rehabilitation program for VA pensioners. Based on expenditures for this program to date, we estimate the cost of the extension proposed in H.R. 4216 to be less than $1 million in any fiscal year.

Finally, H.R. 4216 would extend to September 30, 1991, the Veterans Administration's authority to operate a Regional Office in the Philippines. Our present authority expires September 30, 1988.

In our experience, a Regional Office in the Philippines is the most efficacious means of administering VA benefits for Filipino beneficiaries. We support this extension, which would enable us to continue meeting the needs of our

Filipino beneficiaries in a cost-effective manner. The extension would entail the following approximate administrative costs:

Fiscal Year	Cost ($ thousands)
1989	1,660
1990	1,688
1991	1,714

H.R. 1918, entitled the "World War I Veterans' Service Pension Act," would mandate payment of a monthly service pension of $150 to World War I veterans and $100 to their surviving spouses. Payment would be in lieu of: (1) any payment of nonservice-connected disability pension to which the veteran is entitled under 38 U.S.C. § 521 or under section 306 of the Veterans' and Survivors' Pension Improvement Act of 1978; and (2) any payment of nonservice-connected death pension to which the surviving spouse of a veteran is entitled under 38 U.S.C. § 541, or under section 306 of the 1978 Act.

Currently, nonservice-connected disability pension is payable to veterans of the Mexican Border Period, World War I, and later war periods, and nonservice-connected death pension is payable to their surviving spouses and children under chapter 15 of title 38, United States Code, or the saving provisions of the Pension Improvement Act.

To be eligible for pension, a financially needy veteran must be permanently and totally disabled from causes not related to service, or be age 65 or older and not working. Surviving spouses are required only to meet the need test. Service requirements generally are that the veteran be discharged under conditions other than dishonorable after 90 days of active military service (or less if discharged for a service-connected disability), any part of which was during wartime.

The current pension program, effective January 1, 1979, known as "improved pension," establishes an income standard designed to assure each veteran, in various family situations, a level of support meeting a predetermined national standard of need. The previous pension program, protected by section 306 of Pub. L. No. 95-588 as to those on the pension rolls on December 31, 1978, and thus known as "section 306 pension," under which those beneficiaries may choose to continue to receive their pension benefits, contained a sliding scale of benefits based on income and family status. The rate of payments under the protected program was frozen as of December 31, 1978.

As of December 1, 1987, under improved pension the basic annual disability pension rate for a World War I veteran with no dependents and no other income is $6,214. If the veteran is in need of regular aid and attendance, the annual rate of pension is increased to $9,940. If a veteran is permanently housebound but not entitled to the aid and attendance allowance, the annual rate of pension is $7,595. These rates of improved pension are increased if the veteran has dependents, and are predicated on no countable income from other sources. If the veteran has other countable income, the amount of pension is reduced dollar-for-dollar by the amount of other income.

The annual death pension rate for a surviving spouse without a child is $4,164, subject to reduction by the amount of the surviving spouse's countable annual income. The annual rate is increased to $6,661 if the surviving spouse is in need of regular aid and attendance. There is an increase of $1,055 in the annual rate for each additional child.

Consistent with the philosophy of need underlying the programs, payments from all sources, with certain statutory exceptions, are considered in determining annual income. Further, no payment is made if the corpus of the claimant's estate (net worth) is such that it is reasonable to require that some part of the corpus be consumed for the claimant's maintenance. H.R. 1918 would dispense with this reasonable requirement, as it would compel the Administrator to pay the special service pension regardless of the size of a claimant's estate.

The rates of pension and limitations on annual income are different with respect to persons receiving pension under section 306 pension and under a previously protected program known as "old-law pension." Nevertheless, the Congress has recognized the additional needs of older veterans on two recent occasions. Effective January 1977, the now-protected pension program was amended to provide a 25 percent increase in monthly payments for veterans who attained 78 years of age. Altough applicable to all veterans receiving pension, this provision had the greatest impact on veterans of World War I, as their average age was approximately 80.

This recognition was continued in improved pension as each applicable annual income standard for veterans of World War I and the Mexican Border Period was increased by $800 over the rate applied to other veterans. This increase is linked to the Consumer Price Index and is currently $1,404 above the basic annual disability pension standard for veterans of wartime service after World War I.

H.R. 1918 would pay a service pension to veterans and their surviving spouses in lieu of, rather than in addition to, any current pension which may be payable. This is apparently an attempt by its drafters to overcome past Agency objections to a World War I pension. We take this to mean that the provisions of section 3104(a) to title 38, prohibiting duplication of benefits, would be superseded by H.R. 1918 in regard to beneficiaries receiving compensation, i.e., those receiving service-connected disability or death benefits could concurrently receive the service pension. Although this provision may appear preferable to to other bills which would inequitably advantage the nonservice-connected beneficiary, it nevertheless is objectionable in that it would permit a particular class of VA beneficiaries to draw double benefits.

Since the beginning of the pension program for World War I service more than 40 years ago, the Government has followed a policy of requiring disability and financial need before granting eligibility for pension benefits. Over the years, Congress has repeatedly studied and revised the pension program applying to World War I and later periods. Congress has consistently improved the pension program, but has at the same time retained the underlying principles of disability, financial need, and wartime service. As with previous suggested legislation in this area, H.R. 1918 would dispense with these requisites.

An example of congressional policy supporting the concept of a need-based pension can be found in the statutory instructions given in 1976 for a study of the then-existing pension program. The mandate of section 404 of Pub. L. No. 94-432 was that the Veterans Administration recommend "a more equitable nonservice-connected pension program" which would:

> (A) assure a level of income for eligible veterans at or above the national minimum standard of need;
>
> (B) treat similarly circumstanced pensioners alike; and
>
> (C) provide the greatest amount of assistance to those with the greatest amount of need.

The resulting report led to creation of the improved pension program under Pub. L. No. 95-588. Enactment of H.R. 1918 would not meet any of the still-applicable criteria listed above. At least some of the expenditures mandated by this bill would go to veterans who are not currently below the national minimum standard of need, and do not now qualify for pension because their income exceeds maximum allowable income limits. Second, this measure clearly would not treat similarly-circumstanced pensioners alike. The proposed elimination of the need test for pension assistance would be inequitable and would unfairly discriminate against other classes of current or potential beneficiaries.

Third, the measure would not provide the greatest amount of assistance to those with the greatest amount of need. Instead, it would be retrogressive in its distribution of benefits by providing assistance to those who clearly have less demonstrated need for it. In summary, we believe the long-standing requirements of disability and financial need for entitlement to pension remain reasonable and valid, and should not be modified without a clear justification for doing so.

13.

Futher, enactment of this special service pension would establish a program so favorable to World War I veterans and their dependents as to amount to unfair treatment of veterans of later wars. Implicit in such measures as this is an assumption that certain periods of service are more worthy than others. We cannot agree with this assumption.

The costs of enactment of this bill would be substantial. In arriving at our cost figures for H.R. 1918, we assumed projected World War I veteran and surviving spouse populations. From these populations the World War I cases currently on the pension rolls were subtracted to arrive at the "off-roll" populations. These cases were then multiplied by the respective rates, $150 per month for a veteran and $100 per month for a surviving spouse, to arrive at the projected cost for those veterans and survivors not currently receiving pension. (Please note that the above-mentioned methodology differs from cost calculations in our reports on similar predecessor bills. In most prior proposals, no beneficiary was precluded from service pension entitlement by dint of being currently on the pension rolls. Therefore, no adjustment of costs was needed, as all otherwise eligible claimants would have been payable.) The resulting estimated costs are as follows:

Fiscal Year	Cost ($ Millions)
1989	298.8
1990	251.7
1991	210.4
1992	173.3
1993	143.4

The above cost figures show that the estimated 5-year cost of H.R. 1918, if enacted, exceeds one billion dollars. In light of the recent bipartisan budget agreement, and in view of the policy objections we have outlined, enactment of this bill would clearly be inappropriate. The Veterans Administration strongly opposes enactment of H.R. 1918.

The Administration also opposes H.R. 3722, which would amend section 521(g) of title 38 to provide an increase in yearly pension benefits of $1,800 for a World War I veteran in receipt of improved disability benefits pursuant to Public Law No. 95-588, and of $600 for the surviving spouse of such veteran. Section 521 of title 38 currently provides for cost-of-living adjustments to all benefits payable including the additional amount cited in section 521(g). As I have already indicated, a World War I veteran is entitled to receive an additional $1,404 beyond that payable to veterans of later wars. The mechanism in title 38 is adequate to ensure automatic increases in this special benefit, and it would be inequitable and discriminatory to further single out one category of pensioners for special benefit increases. Further, all the basic objections noted with respect to H.R. 1918 are equally applicable to H.R. 3722. Hence, the Veterans Administration stands firmly opposed to enactment of H.R. 3722, the estimated costs of which are:

Fiscal Year	Cost ($ thousands)
1989	47,730
1990	44,882
1991	41,402
1992	37,390
1993	33,172

Mr. Chairman, I would be pleased to answer any questions you or the Members of the Subcommittee may have.

GOLD STAR WIVES OF AMERICA

Gold Star Wives of America, Inc.

STATEMENT OF

GERALDINE B. CHITTICK, LEGISLATIVE CHAIRMAN
GOLD STAR WIVES OF AMERICA, INC.

TO THE

SUBCOMMITTEE ON COMPENSATION, PENSIONS AND INSURANCE
COMMITTEE ON VETERANS' AFFAIRS
UNITED STATES HOUSE OF REPRESENTATIVES

CONCERNING LEGISLATIVE PROPOSALS PERTAINING TO
DEPENDENCY AND INDEMNITY COMPENSATION

April 28, 1988

Chairman Applegate and Members of the Subcommittee,

Thank you for the invitation to participate in this hearing to present the views of GOLD STAR WIVES OF AMERICA on matters pertaining to Dependency & Indemnity Compensation. We appreciate the efforts of this Committee in approaching the issues of those comprising our membership, as well as all veterans' concerns, in a timely and understanding manner.

In response to H.R. 4216 to provide a 4.5 percent cost-of-living increase to DIC recipients, we certainly affirm that an increase is essential to prevent severe erosion of benefits. In spite of the generosity of this Committee to annually adjust the rates along the lines indicated by the CPI, those of us who pay the bills are constantly made aware that the necessities actually increase at a greater rate than the COLA covers. Quite noticeable in the rate chart is the $23 increase in the E-1 rate and the $60 in the O-10 highest rate.

Gold Star Wives of America continues to be increasingly distressed as year after year goes by under the current DIC formula set 20 years ago, thus increasing the differential between top and bottom of the 23-rank category rate scale to a colossal $846 per month in the projection for 1989. This figure is a great deal more than the total income from all sources for many of the DIC recipients.

Although we recognize the budgetary constraints that have prevented a desirable revision of the DIC formula, we believe the problem with the present formula has become unconscionable. Year after year of a larger COLA amount on an amount that was already higher has resulted in this disparity that we believe was never intended.

The necessities of life increase almost equally, especially for the elderly, regardless of economic status. Spiraling costs of prescription drugs are not at all truly reflected in CPI figures. In one year, the CPI increased 1.9 percent, while the cost of prescription drugs climbed 8.6 percent. Some widows report to me that medical expenses take one-fourth of their monthly income - and there are indications that medical costs are greater for those in the lower rank categories than those in the upper levels. Many widows cannot afford Medicare supplement insurance.

It is because of this continuing situation that Gold Star Wives passed a Resolution at our 1987 National Convention to request legislation for a one-time flat rate increase in DIC whereby appropriated COLA funds would be disbursed equally to all DIC recipients. We are extremely pleased that Mr. Applegate has so graciously introduced H.R. 4423 - a bill based on the recommendation of Gold Star Wives. Thank you, Mr. Applegate, for this accommodation so that we can address the proposal in this hearing.

The rate schedule proposed in H.R. 4423 reflects a $28 increase in each of the 23 categories. We acknowledge that the COLA for those paid at the higher rates would be decreased and that such a move would not be a popular one with some of those recipients. Frankly, the figures do indicate that the number of recipients in the lower categories are such a large percentage of total DIC recipients that a flat increase would not bring the E-1's and E-2's up as much as we would have hoped. This would indicate even more forcibly the urgent need for total DIC revision.

Although it has been suggested (and by some of our members) that a "flat rate COLA' is a socialistic approach, it is our belief that the value of a life cannot be totally equated to economic status or earning ability. Because of the short duration of World War II and existing circumstances, death claimed young draftees or enlistees who may have possessed high post-service potential - or, injuries removed them from service after a very short time - either of which places his widow in the lowest rank categories.

We urge this Committee to evaluate this - or any recommendation - which would enact a semblance of justice and fairness in the compensation program. Note, in particular, that our organization did not (and does not) call for this proposal to be an on-going practice - it was requested as a one-time halt to the growing disparity between those being compensated for the loss of their husbands. The majority of our membership did desire to show some compassion for our fellow-widows.

Gold Star Wives continues to believe the proposal for formula revision advocated by our organization for the past 10 years merits serious consideration. It has been gratifying to note that at least two other organizations are now advocating a similar proposal. That is: An equal base pay on which all COLA's would apply - PLUS a fixed amount based on rank and length of service (and might well include degree of disability and circumstances of death). Such a plan would not be made obsolete by inflation.

We do not concur that a spouse should be a recipient of the DIC after as little as one year of marriage to a service-disabled veteran.

We would also urge that consideration of H.R. 1547 to permit remarriage after age 55 without loss of DIC be included in the Committee's compensation deliberations.

This completes my testimony, and I will be glad to answer any questions. Thank you.

TESTIMONY

COLONEL HERB ROSENBLEETH, U.S. ARMY (RET)
NATIONAL LEGISLATIVE DIRECTOR
JEWISH WAR VETERANS OF THE UNITED STATES OF AMERICA

BEFORE THE
HOUSE COMMITTEE ON VETERANS' AFFAIRS
SUBCOMMITTEE ON COMPENSATION, PENSION AND INSURANCE
April 28, 1988

Chairman Applegate and Members of the Subcommittee on Compensation, Pensions, and Insurance of the House Veterans' Affairs Committee, I am Colonel Herb Rosenbleeth, US Army (Ret), the National Legislative Director of the Jewish War Veterans of the United States of America, a congressionally chartered veterans' service organization. On behalf of our membership, I thank you for the opportunity to appear today to testify before this distinguished committee.

Since it's founding in 1896, the Jewish War Veterans of the USA, the oldest active veterans organization in the United States, has stood for a strong national defense and for just recognition and compensation for veterans. JWV is a voice for America's security interests around the world and has always taken a strong interest in human rights.

The Jewish War Veterans of the USA favors passage of H.R. 4216, which would provide a 4.5 percent cost-of living increase for veterans compensation and dependency and indemnity compensation (DIC) H.R. 1918, which provides a special pension for the veterans of World War I and their widows; and H.R. 3722, a bill to improve the pensions of World War I veterans and their widows.

JWV favors the "Veterans Compensation Amendments of 1988" and the cost-of-living increases provided by this legislation. JWV supports yearly cost-of-living increases for veterans on an equal basis with other federal beneficiaries.

In Testimony before the joint session of the Senate-House Veterans' Affairs Committees on April 13, 1988, our National Commander Jack Lits, stated,

"JWV believes special attention should be given to the surviving 140,000 veterans of the 4.4 million men and women who served in World War I. Their average age is now over 91 years and their mortality curve is approximately 3,000 per month.

Veterans of World War I did not receive the wide range of benefits provided by Congress for the veterans of later wars. JWV favors legislation which would provide a special pension for those world War I veterans who are subsisting on an income of less than $12,000 per year if single, or $15,000 per year for those having one or more dependents. JWV believes this relatively low cost program would be of great benefit to this special group of individuals."

JWV, therefore, strongly supports the provisions of both H.R. 1918 and H.R. 3722.

The Jewish War Veterans of the USA appreciates being able to appear before this subcommittee on these three very important legislative issues. We are grateful to Chairman Applegate and this subcommittee for your efforts in support of America's veterans.

BLINDED VETERANS ASSOCIATION
1726 M STREET, NORTHWEST, SUITE 800 • WASHINGTON, D.C. 20036 (202) 223-3066

LEGISLATIVE STATEMENT OF THE BLINDED VETERANS ASSOCIATION
PRESENTED BY
THOMAS H. MILLER, DIRECTOR OF GOVERNMENTAL AND COMMUNITY RELATIONS

BEFORE THE HOUSE COMMITTEE ON VETERANS AFFAIRS
SUBCOMMITTEE ON COMPENSATION, PENSION AND INSURANCE

APRIL 28, 1988

CHARTERED BY THE CONGRESS OF THE UNITED STATES

Mr. Chairman and members of the subcommittee, the Blinded Veterans Association (BVA) appreciates this opportunity to present our views on H.R.4216, Veterans Compensation Amendments of 1988 and other legislation affecting WWI veterans. As the congressionally chartered veterans service organization authorized to represent all blinded veterans, we speak this morning, not only for the 6500 members of BVA, but all Service Connected (SC) blinded veterans and their surviving spouses and dependent children in receipt of Dependency and Indemnity Compensation (DIC) benefits. The BVA strongly supports passage of H.R.4216, which provides for a 4.5 percent Cost of Living Adjustment (COLA) for SC disability compensation and DIC recipients.

While recognizing the need for fiscal restraint and absolute necessity for gaining control over the escalating federal deficit, BVA must encourage passage of legislation increasing the compensation payable to severely disabled veterans and their survivors. The need for such an increase is essential for severely disabled veterans because of the additional expenses they incur that are directly related to their disabilities. Blinded veterans for example, have a number of such expenses that are necessary to sustain the optimum level of independence within the limitations of their disability. We are not talking about expenses that would significantly enhance the quality of life with luxury items, but just basic activities of daily living taken for granted by most. Activities like reading one's mail, paying bills, shopping, transportation, and routine home repairs.

Although disability benefits are paid to veterans to compensate them for impairment of average earning capacity, receiving a monthly check in the mail does not necessarily enable a veteran to overcome the handicap of blindness. Money alone cannot restore self-esteem, self-confidence and a sense of self-worth that frequently is lost when an individual incurs a severe disability. The loss of independence can be devastating and can only be regained through rehabilitation and of course, economic security. Compensation does enable a blinded veteran to acquire the support necessary to epitomize his independence and enable him to remain in the community, rather than depending on the VA or other agency to care for him.

Similarly, the increased cost of living can have a devastating impact on those receiving DIC benefits. The hardships experienced are even greater due to the inequity that exists in the DIC program. Many surviving spouses are not only unable to keep up with inflation, but cannot sustain their life style, as a result of the inequitable method used to compute DIC benefits. The disparity between incomes based on compensation paid for severity of disability and DIC benefits, based on the veterans rank while serving on active duty, can result in extreme hardship for these survivors. Certainly these recipients must receive a COLA, even though it may provide precious little relief. Again, Mr. Chairman, BVA takes this opportunity to call for serious discussion and exploration of methods to remedy the hardships created by the present DIC system. The BVA certainly is cognizant of how difficult it is for all Americans to keep pace with inflation and other increasing costs. This process is made even more difficult, however, when one has a SC disability or is receiving DIC benefits based unfairly on the disabled veteran's rank while in service. BVA appreciates the leadership demonstrated repeatedly by this subcommittee and the full committee in recognizing these hardships and their generosity in attempting to fairly compensate severely disabled veterans and their surviving dependents. Again Mr. Chairman, as in past years, the BVA would support a freeze in COLA's or delays in implementation for the fiscal wellbeing of our country, provided all other federal beneficiaries observe such a freeze. If however, any beneficiary group is exempted, then disabled veterans must also be exempted.

The BVA also continues to oppose efforts to index disability compensation and DIC benefits to the Consumer price index (CPI). We believe the amount of COLA's payable to these individuals should be determined by Congress.

Mr. Chairman, the BVA has taken no formal position on the two other bills being considered by your subcommittee, H.R.3722 and H.R.1918. These bills would improve pension benefits for WWI veterans and their surviving spouses. We are certainly sympathetic to the needs of these most worthy veterans and sensitive to their not having the benefit of many veterans programs and services subsequent veterans have enjoyed. We are concerned however, over the cost of this legislation and the potentially negative impact it could have on veterans programs and services affecting all veterans. To our knowledge, funds are not included in the budget for such benefits and would have to be taken from other programs. We also note that the survivors benefit that would be paid under H.R.3722 would be more than that received by many DIC recipients. Thereby, perpetuating and expanding the inequity within the DIC rates.

Finally Mr. Chairman, I want to thank you again for the opportunity to appear this morning to express the views of the BVA on this important legislation affecting all severely disabled veterans and the surviving spouses and dependent children. As always the BVA is prepared to work with this committee on this or any other issues affecting veterans and is happy to respond to any questions you might have at this time.

"The Servicemember's Voice in Government"

Statement of

Charles C. Partridge

Legislative Counsel

The National Association for Uniformed Services

Before the

Subcommittee on Compensation, Pension and Insurance

Committee on Veterans' Affairs

U.S. House of Representatives

April 28, 1988

Statement of
Charles C. Partridge
Legislative Counsel
The National Association for Uniformed Services
Before the

Subcommittee on Compensation, Pension and Insurance
Committee on Veterans' Affairs
U.S. House of Representatives
April 28, 1988

Mr. Chairman and members of the Subcommittee, I welcome the opportunity to present the views of the National Association for Uniformed Services to this distinguished panel.

The National Association for Uniformed Services (NAUS) is unique in that we represent all grades and ranks of uniformed services personnel and their spouses and widow(er)s. Our membership includes active, retired, and reserve personnel of all seven uniformed services: Army, Navy, Air Force, Marines, Coast Guard, Public Health Service, and the National Oceanic and Atmospheric Administration. With such a membership, we are able to draw information from a broad base for our legislative activities.

H.R.4216:
Mr. Chairman, NAUS supports the provisions of H.R. 4216, introduced by you and co-sponsored by Full Committee Chairman Montgomery, Ranking Minority Member Gerald B.H. Solomon and Representative Bob McEwen, which would authorize a 4.5 per cent cost-of-living increase for compensation and dependency and indemnity compensation for survivors. Our members very much appreciate this committee's concern and its annual review of veterans' compensation and DIC programs to insure that compensation is kept generally abreast with inflation.

DIC Program:

Another needed change to the DIC program includes authority to allow the remarriage of a surviving spouse of a veteran without termination of DIC. Currently, the civil service, foreign service and military survivor benefit plan surviving spouse may remarry after age 55 without losing eligibility for the benefit; the same condition should apply to DIC widows.

DIC Rates:

The current method of computing DIC rates considers only the military pay grade for calculating the amount of compensation. NAUS supports the proposal that primary compensation of a fixed and minimum amount be payable to all DIC widows. This base amount would then be adjusted with consideration given to pay grade, length of service, and other factors including condition or circumstances leading to cause of death.

H.R. 1918:

NAUS supports the provision of this bill which would provide a service pension of $150.00 per month for veterans of World War I and $100 per month for surviving spouses of those veterans who otherwise qualify so long as the spouse was married to the veteran before December 14, 1944, for one year or more or if they had a child.

H.R. 3722:

This bill, which NAUS supports would improve pension benefits for World War I veterans and their surviving spouses. World War I pension for veterans and surviving spouses has been inflation-protected by regular cost-of-living adjustments (COLAs); however, these COLAs do not fully offset the effects of inflation, and therefore the improvements are needed.

Payment:

Mr. Chairman, when you received testimony earlier this month on H.R. 303, you asked the question: "How are we going to pay for this"? The answer resulted in either an increase in tax dollars or a decrease in the veterans' benefits. While I believe this country should continue to accept responsibility for the cost of caring for the veteran and his survivor, our nation should also look for reimbursement for these costs to these who created the veteran and survivor in the first place. Further, we should look to the future and recognize that deployment of military forces today will result in veterans and survivors in the future.

In the case of the bills before the committee today, the major costs would fall on the countries with whom we have our largest trade deficits - the Federal Republic of Germany and Japan. There is no better time than the present to ask that they share in these costs.

There also is a great deal of interest in burden sharing; sharing the cost with our allies of providing a defensive shield in the Pacific, the Middle East and Western Europe. This concept has merit and these discussions with our allies should include the future costs which this country will have to pay to those currently serving in these parts of the world. Such costs would include military retired pay and veterans and survivors compensation and medical care.

Mr. Chairman, I want to thank you and members of this committee for the opportunity to present the views of our members on these matters of interest to our nation's veterans.

STATEMENT OF

GORDON R. THORSON, SPECIAL ASSISTANT
NATIONAL LEGISLATIVE SERVICE
VETERANS OF FOREIGN WARS OF THE UNITED STATES

BEFORE THE

SUBCOMMITTEE ON COMPENSATION, PENSION AND INSURANCE
COMMITTEE ON VETERANS' AFFAIRS
UNITED STATES HOUSE OF REPRESENTATIVES

WITH RESPECT TO

H.R. 4216 TO INCREASE COMPENSATION AND DEPENDENCY AND INDEMNITY COMPENSATION (DIC) RATES, H.R. 3722 TO INCREASE PENSION RATES FOR WORLD WAR I VETERANS AND H.R. 1918 TO PROVIDE A SPECIAL PENSION TO WORLD WAR I VETERANS

WASHINGTON, D. C. APRIL 28, 1988

MR. CHAIRMAN AND MEMBERS OF THE SUBCOMMITTEE:

On behalf of over 2.9 million members of the Veterans of Foreign Wars of the United States and its Ladies Auxiliary, I wish to thank you for affording me this opportunity to present our views with respect to a cost-of-living adjustment (COLA) for certain veterans and dependents, an increased pension for World War I (WW I) veterans and surviving spouses, and a special pension for all WW I veterans and surviving spouses.

Mr. Chairman, we acknowledge your continuing efforts to improve VA entitlement programs and your recognition of the special service provided by this nation's veterans. The entire House Veterans' Affairs Committee has often demonstrated their bipartisan support for worthwhile veteran programs and entitlements. The VFW takes pride in our association with your Subcommittee and the full House Veterans' Affairs Committee.

Today we are assembled to discuss several issues of major importance. H.R. 4216 was recently introduced by Chairman Applegate and would amend Title 38 of the United States Code to increase the rates of compensation and Dependency and Indemnity Compensation (DIC) payable to veterans with service-connected disabilities and to their survivors. H.R. 4216 would provide a 4.5 percent increase in the rates of compensation and DIC paid by the Veterans Administration effective December 1, 1988. In recent years compensation and DIC adjustments have paralleled the Consumer Price Index (CPI) cost-of-living increases in social security. Projections now suggest that a 4.5 percent increase in social security rates will be necessary when the adjustment occurs in December 1988. Consequently, H.R. 4216, is right in line with this adjustment as it recommends a comparable increase. The VFW is in favor of H.R. 4216 as our organization clearly supports continued cost-of-living adjustments as needed.

H.R. 3722 also introduced by Chairman Applegate serves to amend Title 38 of the United States Code to increase pension entitlements available to World War I veterans and surviving spouses of WW I veterans.

We acknowledge and agree with the intent of H.R. 3722, as it would expand and improve entitlements for WW I veterans. However, after reviewing the bill we suggest that section 1(a) is slightly misleading. It appears as though WW I veterans would receive a $1,000 entitlement increase if H.R. 3722 was enacted when, in actuality, they would only receive a $396 increase. The original $800 WW I increase contained in section 521(g) of Title 38 of the United States Code has already been increased to $1,404 as a result of past COLAs. We bring this concern to the Subcommittee's attention only to help ensure that WW I veterans do not miscalculate or misunderstand the actual effect of this legislation. H.R. 3722 also includes a provision that would allow an additional $600 add-on rate for all surviving spouses of WW I veterans receiving VA improved pension entitlements. The VFW does not have a resolution specifically addressing this issue, but we do have a national mandate chiseled in stone in our VFW Memorial Building located here on Capitol

Hill and it clearly states: **HONOR THE DEAD BY HELPING THE LIVING.** Who better deserves our help then the aging veterans of World War I and their surviving spouses.

The final bill to be considered today is H.R. 1918. This bill would amend Title 38 of the United States Code and provide a special service pension of $150 per month for veterans of World War I and a pension of $100 per month for surviving spouses of World War I veterans.

The VFW has a long-standing resolution that was unanimously passed at our most recent National Convention in New Orleans, Louisiana, during August of 1987. VFW Resolution Number 647 (copy attached) calls for legislation that would provide a special pension for all surviving veterans of World War I. H.R. 1918 appears to meet the expectations of our resolution, however, there is one major flaw. This bill, H.R. 1918, would not give the most needy of our WW I veterans and surviving spouses the total additional money allowed to other WW I veterans and in fact would discriminate against those veterans and survivors in receipt of a VA pension. We specifically object to the language offered as section 513(b) and 541a(b) of Title 38 of the United States Code. This language would preclude a veteran or survivor from receiving the total additional increase if in receipt of VA pension.

Currently WW I veterans in receipt of VA nonservice-connected pension do receive an additional $1,404 a year as a result of their World War I service to this county. However, if section 513(b) is left as written, there could be a $396 a year discrepancy between a veteran receiving VA pension and one receiving the special WW I service pension. Also, if section 541a(b) is left as written, there could be a $1,200 a year discrepancy between surviving spouses receiving VA pension and those spouses receiving the special WW I survivor pension. This is unacceptable.

H.R. 1918, as it is currently written, would serve mainly to benefit higher income WW I veterans. Those veterans and surviving spouses on VA pension who most need the additional money would not receive an equitable share. The VFW would like to see H.R. 1918 improved by striking the above stated discriminatory language and replacing it with language that would declare the special pension exempt from income reporting provisions under VA pension laws with a deductible for those concurrently receiving additional benefits under section 521(g), Title 38 of the United States Code. Once amended, H.R. 1918 would truly become a good piece of legislation that would benefit all WW I veterans equally and not discriminate against those less fortunate veterans who must rely solely on a VA pension to survive.

Thank you.

NATIONAL ASSOCIATION of MILITARY WIDOWS
4023 — 25th ROAD NORTH
ARLINGTON, VIRGINIA 22207

TELEPHONE: 703 — 527-4565

STATEMENT OF
THE
NATIONAL ASSOCIATION OF MILITARY WIDOWS
BEFORE THE
SUBCOMMITTEE ON COMPENSATION, PENSION, AND INSURANCE
COMMITTEE ON VETERANS AFFAIRS
UNITED STATES HOUSE OF REPRESENTATIVES

April 28, 1988

Presented by
JEAN ARTHURS
Director, Legislative Affairs

The Secretary of the Army stated, "When the government contracts for the serviceman, it really contracts for the entire family unit, as it includes all the family in the adjusted lifestyle, the 24-hour call, the 'perils and discomforts' with readiness to serve anywhere, to go to hazardous places at a moment's notice. The service wife is expected to be ready to follow her husband to any assignment, or to remain cheerfully behind, and to always be an ambassador for the United States. These women have proven to be some of the best emissaries this country has ever had."

To care for him who has borne the battle, and his widow, and his orphan.
A. Lincoln

NATIONAL ASSOCIATION of MILITARY WIDOWS
4023 — 25th ROAD NORTH
ARLINGTON, VIRGINIA 22207

TELEPHONE: 703 — 527-4565

Good morning, Mr. Chairman. It is indeed a pleasure to appear before you to present the views of the National Association of Military Widows relating to the dependency and indemnity compensation program and the World War I pension program.

I am Jean Arthurs, president of the National Association of Military Widows, and we thank you for allowing us to provide testimony today. We appreciate that over the years the work of this committee has benefited a great number of our widows whose serviceman died in the service of our country.

Our association is an all-volunteer military widows organization and our membership represents all rates and ranks of career and non-career service widows of the seven uniformed services, Regular and Reserve. Our broad base has made us cognizant of the continuing need to help affect equitable legislation on behalf of these fine women who have served our country so well.

H. R. 4216

The bill under consideration, H. R. 4216, provides a 4.5 percent cost-of-living increase for compensation and DIC benefits. The NAMW accept this to be an adequate adjustment in benefit rates, under the current economic conditions.

We find it advisable to point out that dependency and indemnity compensation is not a gratuitous compensation. To be a beneficiary of DIC means the recipient has been the victim of the ultimate devastation due to the death of her benefactor, her husband and the father of her children, who gave his life for his/service to our country. It could be said that without the sacrifice of the DIC widow this country might not be the still wonderful free America we enjoy today.

Therefore it is necessary to point out that with the majority of our DIC widows we find many hardships. For many the DIC compensation is their only source of income — and it barely pays the rent. Everyone has observed prices as they continue to escalate so we know inflation is depleting our standard of living every day. These DIC widows deserve to maintain a fair standard of living. Statistics indicate that DIC compensation replaces about one-fourth of the basic pay at time of death. If this pays the mortgage payments, little is left over for food and other necessities.

The health care problems are monumental and frightening! The mean age of DIC widows is now over 60 years at which time health problems multiply. Just what does Medicare cover? What prescriptions are covered? When is physical therapy considered by Medicare? Why will not a Veterans' Administration hospital fill prescriptions for the widow who lives within a block of the compound? Especially, when the nearest military hospital is many miles away. In some cases the problems are due to the infirmities of old age. On the other hand, we challenge any person of average intelligence to handily cope with such procedures. The expense can be enormous when it is discovered how much is not covered by Medicare. We are finding that due to the apprehension and fear of the cost increasing numbers of widows are not seeking medical care when needed.

When catastophic illness strikes, or infirmities demand institutional care, we have found that the small DIC compensation precludes turning to Medicaid for coverage. In the final analysis these widows can not afford care on DIC compensation, Medicare has too many loopholes which entail too much expense, and with the DIC compensation they are not acceptable to Medicaid. It is inevitable that as a person ages health problems become paramount and have to be cared for properly.

According to the statute the DIC widow whose sponser died on active duty is entitled to care in service hospitals. Unfortunately, this law is not enforced and many widows are not accepted as patients. With proper identification the Bethesda Naval Hospital honors this entitlement. The Dewitt Army Hospital at Fort Belvoir has issued a dispatch that it does not accept widows for care in some clinics. Some widows have been instructed that Veterans Administration hospitals are not obligated to care for DIC widows even though CHAMPVA cards have been issued to them. The staff of this committee has indicated that VA eligibility for DIC widows is included in the statute. The inequities must be corrected out of respect for the position of the DIC widow.

H. R. 1918 H. R. 3722

H. R. 1918, to provide a special pension to the World War I veterans and their widows, and, H. R. 3722, to improve pension to World War I veterans and their widows are included in this agenda today.

The National Association of Military Widows stands for equal consideration of all military widow issues. Therefore, we would recommend passage of H. R. 3722 which would increase by $600.00 annually the pension of the elderly widows.

Our mail indicates that these widows experience the same problems of aging which include the support of livelihood, health problems, and the need for care. The inability to cope with life becomes the dominant factor for the widows in this age group, and the assistance needed is costly.

H. R. 412 and H. R. 1547

H. R. 412 (Rep. Roe-N.J.) would allow the DIC widow to remarry after age 60 and retain the dependency and indemnity compensation. H. R. 1547 (Rep. Bilirakus:Fla) would allow the DIC widow to remarry at age 55 and retain the DIC compensation. The latter is in keeping with the current status of the Federal Survivor Benefit Plans. Social Security, the Retired Serviceman's Family Protection Plan, the Military Survivor Benefit Plan, The Civil Service and the Foreign Service Survivor Benefit Plans allow the annuitant to retain the entitlement or pension annuities when she remarries after age 55.

It is incomprehensible to the National Association of Military Widows that all other categories of widows of government services have been obliged with the remarriage after 55 factor — and still, the dependency and indemnity widows are not so entitled.

One fact is certain. There is no widow that has given more for her country through the death of her sponser than the DIC widow.

So few widows have the opportunity to remarry in later years. The cost can not be the contributing factor.

It would make it fair and equitable for the few who could do so.

Surely this Congress has the compassion to pass H. R. 412 and H. R. 1547 and help the token number of DIC widows over age 55 to escape the lonliness of widowhood into a respectable way of life.

In this day of high cost catastrophic illness and lingering, it would be cost effective for the government if the widowed singles could marry and care for one another in sickness and poor health.

PROPER NOTIFICATION OF S.91 LAW PASSED IN 1980

The National Association of Military Widows is still finding military DIC widows who have not been properly apprised of the Survivor Benefit Plan benefits accorded them, effective October 1, 1980.

At that time an amendment was passed to S.91 which awarded Survivor Benefit Plan benefits, effective October 1, 1980, to widows whose husbands were eligible to retire but who died on active duty, before September 21, 1972. There was no action taken to inform and officially notify the eligible recipients. None has been taken since.

Our association was informed through Veteran Administration officials that the matter could be solved quite simply. If so directed, a flyer could be inserted in the monthly DIC benefit check to clarify the law as passed in 1980.

Mailed 11/[illegible]/82

6.

Veterans Administration

November 1, 1982

In Reply Refer To: 688/136E
TATE, JAMES E.
XC 3-871-314

Dear Mrs

As a result of your recent inquiry concerning medical care benefits to dependents and survivors under Public Law 93-82, Public Law 94-581, and Public Law 96-151, we wish to furnish you this information.

The following persons may be determined eligible as dependent and survivor beneficiaries of the Veterans Administration for medical care and services under CHAMPVA (Civilian Health and Medical Care Program of the VA), provided they are not now eligible for care under CHAMPUS or Medicare:

a. The spouse or child of a veteran who has a total disability, permanent in nature, resulting from a service-connected disability.

b. The surviving spouse or child of a veteran who has died as the result of a service-connected disability, or who at the time of death had a total disability, permanent in nature, resulting from a service-connected disability.

c. The surviving spouse or child of a person who died while on active duty.

Persons who meet the dependent and survivor requirements as defined above may apply for CHAMPVA by completing the enclosed VA Form 10-10d, Application for Medical Benefits for Dependents or Survivors. Please complete the necessary items of information as specified on the form, and be sure to include the names of your children and their birth dates. It is important that you include the veteran's identification data, including veteran's name and file number (claim number). Return the completed application to the VA health care facility address on this letterhead. When the application is received, the VA facility will determine eligibility and notify you accordingly.

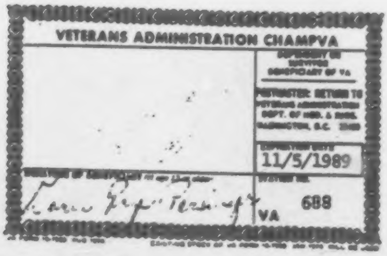
If determined eligible for medical care benefits under CHAMPVA, survivors and dependents will receive appropriate identification and information concerning the method of filing claims for medical care received from private sources.

Sincerely yours,

fr/ S. Lyon
Howard L. Ward
Chief, Medical Administration
Service

Enclosure: 10-10D

FL 10-441
Nov 1980 (RS)



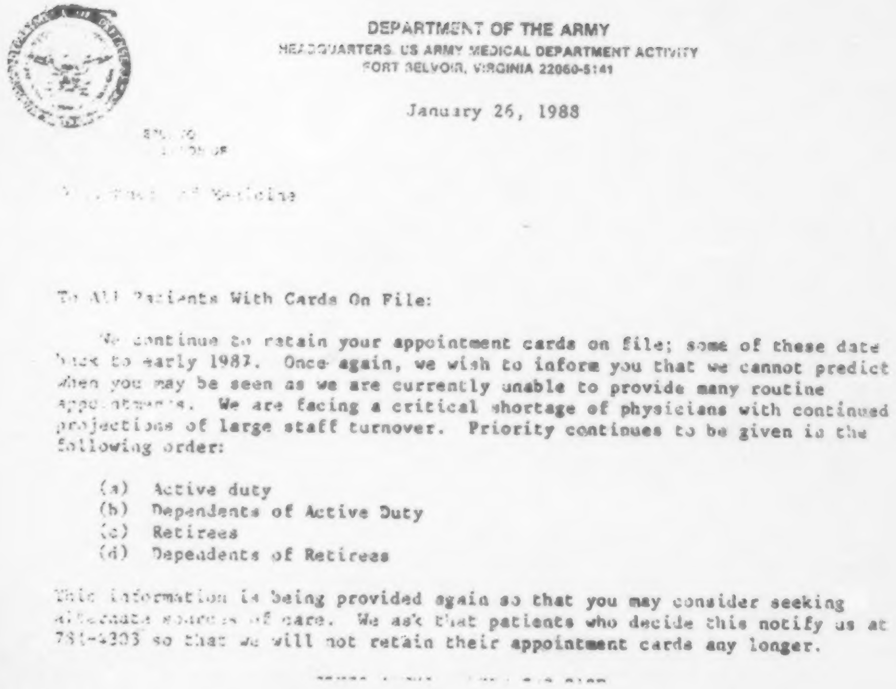
VETERANS ADMINISTRATION CHAMPVA

11/5/1989

VA 688

Thank you for allowing me to testify today on behalf of our association of military widows. I will be glad to answer any questions. Thank you.

Jean Arthurs
President



DEPARTMENT OF THE ARMY
HEADQUARTERS US ARMY MEDICAL DEPARTMENT ACTIVITY
FORT BELVOIR, VIRGINIA 22060-5141

January 26, 1988

REPLY TO
ATTENTION OF

Department of Medicine

To All Patients With Cards On File:

We continue to retain your appointment cards on file; some of these date back to early 1987. Once again, we wish to inform you that we cannot predict when you may be seen as we are currently unable to provide many routine appointments. We are facing a critical shortage of physicians with continued projections of large staff turnover. Priority continues to be given in the following order:

(a) Active duty
(b) Dependents of Active Duty
(c) Retirees
(d) Dependents of Retirees

This information is being provided again so that you may consider seeking alternate sources of care. We ask that patients who decide this notify us at 781-4303 so that we will not retain their appointment cards any longer.

[illegible]

Frances Olbrych
61 Chestnut St.
Chicopee, MA
01013

April 1, 1988

National Association of Military Widows
4023 - 25th Road North
Arlington, VA 22207

Dear NAMW:

The Veterans' Outreach group in Westfield, MA, referred me to your organization as a possible source of support and information. I too am a widow. My husband was killed in action while serving in the Navy as a gunners mate aboard the U.S.S. Lindsey in WW II.

After 45 years I still feel the grief and pain of his death. After 45 years I also *still* feel the frustration, anger and aggravation of trying to find sources of aid to help me "keep my head above water." I live from compensation check to compensation check with no room for *any* extras. A visit to the doctor, dentist, etc is a rare occasion for me because of the cost.

Any help you can offer would be appreciated. Thank you.

Sincerely,
Mrs. Frances Olbrych

Rec. 3/5/81 WIDOW

Dear Expose

Give her Jim Adams address

I read the articles about wives & widows in America

I have been a widow since 1948 -

In 1922 I married a soldier of the first world war - who was stationed in Germany - (and had returned)

I lived with Ross C. Critchfield until his death, an as yet I am only receiving $50.00 a month -

With prices going up what goes?

04.586-103

I understood that the income allowence has increased so what - I should get more from the Veterans - don't you think?

Respectfully
Olga E. Critchfield

STATEMENT OF
JOHN C. BOLLINGER, ASSOCIATE LEGISLATIVE DIRECTOR
PARALYZED VETERANS OF AMERICA
BEFORE THE
SUBCOMMITTEE ON COMPENSATION, PENSION AND INSURANCE
OF THE
HOUSE COMMITTEE ON VETERANS' AFFAIRS
REGARDING
H.R. 4216, PROVIDING A 4.5 PERCENT COST-OF-LIVING INCREASE FOR COMPENSATION AND D.I.C.; H.R. 1918, PROVIDING A SPECIAL PENSION TO WORLD WAR I VETERANS AND THEIR WIDOWS; and H.R. 3722, PROVIDING IMPROVED PENSION TO WORLD WAR I VETERANS AND THEIR WIDOWS
APRIL 28, 1988

Mr. Chairman and Members of the Subcommittee, I am John Bollinger, Associate Legislative Director, Paralyzed Veterans of America. On behalf of our members, we appreciate the opportunity to appear here today and present our views regarding H.R. 4216, H.R. 1918, and H.R. 3722.

H.R. 4216, Cost-of Living Adjustment

Mr. Chairman, PVA commends you for introducing H.R. 4216, the "Veterans' Compensation Amendments of 1988." By so doing, you have insured that veterans, their dependents, and their survivors will, once again, be provided for at an appropriate level of maintenance. This important provision, which is to become effective December 1, 1988, is consistent with your efforts of the past to preserve the historical authority of the Congress to determine, by legislation, what constitutes appropriate cost-of-living increases for our Nation's veterans and their families.

In keeping with the intent of Congress, I wish to take this opportunity to briefly reiterate PVA's long-standing position regarding the Administration's continued efforts to index compensation and D.I.C. benefits to the annual change in the Consumer Price Index. PVA vehemently rejects this attempt to bypass the responsible authority of Congress. We continue to believe that the process of establishing COLA's should not be dictated by the CPI; rather, the control should remain within this legislative body whose members can exercise the flexibility and fairness so vital in determining proper adjustments to compensation and D.I.C.

Dependency and Indemnity Compensation

I also wish to comment on Section 5 of H.R. 4216 which addresses Dependency and Indemnity Compensation for surviving spouses. PVA has long supported the need for an adequate survivor benefit program and, although we are grateful for the proposed cost-of-living adjustment, we remain discontented by the awarding of D.I.C. benefits based on military pay grade rather than on the veteran's degree of disability. We sincerely believe this to be one of the most glaring inequities involving veterans issues today. As an addendum to this written testimony, we have included a copy of our arguments which support our strong desire to change the formula upon which D.I.C. benefits are awarded. We hope to work closely with this Subcommittee and the Congress to eventually correct this aspect of Title 38 U.S.C.

Vocational Rehabilitation for Pension Recipients

Section 9 of H.R. 4216 addresses legislation to extend and embellish a pilot program of vocational training for veterans awarded nonservice-connected pension benefits. Mr. Chairman, I extend PVA's appreciation, once again, for your efforts in the 98th Congress which resulted in the passage of Public Law 98-543.

This four-year program, which is presently due to expire on January 31, 1989, represents, in our view, one of the most innovative and potentially productive programs to be implemented by the Department of Veterans Benefits in recent years. Your effort to extend this program to January 31, 1992, and to broaden the base of eligible participants underscores the original intent of this legislation which was to (1) provide a cost-effective method by which pension rolls and expenditures could be reduced; (2) alleviate the ever-increasing demands placed on the VA's health care system by returning individuals back into the private sector through utilization of employee provided health benefits, and (3) restore new hope to an individual to achieve a productive and meaningful life.

As I have mentioned, H.R. 4216 would greatly expand the number of potential participants by opening the program to pension recipients under 50 years of age who were awarded pension before the beginning of the original pilot program, February 1, 1985. We feel the inclusion of this category of disabled veterans is of significant importance for several reasons. First, it is our belief that the sooner an individual is exposed to a viable alternative to permanent unemployability, the more likely it is that he will find success in vocational rehabilitation. We continue to maintain that the nonservice-connected pension program contains built in work disincentives which, over the years, have led to unnecessary dependency on government expenditures. By expanding the vocational rehabilitation program and offering this valuable service to all "under 50" pension recipients, H.R. 4216 has greatly improved the probability that this program will return many fold the investment we make in it.

In this regard, our concern is with the present 3,500 case limitation on the program. As an increasing number of eligible veterans take advantage of this worthwhile service, a limitation on the number of applicants will prohibit the VA from realizing the maximum return potentially available if the program is fully implemented. This limitation may not be an immediate concern, but we urge this Subcommittee to obtain meaningful statistics from the VA in order to determine if there are veterans who would be "feasible for training," yet are unable to participate because of a limit on the number of pensioners that can be evaluated. PVA understands that DVB staffing reductions have made it difficult to adequately implement and monitor this program and its many contributions. We are hopeful, however, that the Congress will be successful in reversing this trend in order that the VA can rightfully fulfill its mission of providing timely and effective services. We applaud your efforts to restore these desperately needed personnel to DVB.

Finally, Section 525, Title 38 U.S.C., presently provides health care eligibility for three years to those individuals whose pension has been terminated due to the successful completion of the vocational rehabilitation program and subsequent employment. PVA is concerned that this provision may likely deter a potential applicant who otherwise can rely on Category A medical care for the rest of his life. We feel that since this individual would be eligible for priority health care anyway, it would be beneficial to the long term success of the program to extend this temporary health care coverage to provide Category A medical services for a five year period. After this temporary period, the veteran would be subject to the existing means test to determine the appropriate category of eligibility. It is very likely that such an individual will utilize employer provided health benefits and will therefore not be a burden on the VA health care system.

H.R. 1918 and H.R. 3722

H.R. 1918 has been introduced to provide a service pension of $150 per month for veterans of World War I and a pension of $100 per month for certain surviving spouses of such veterans.

PVA is in sympathy with the plight of low income World War I veterans. We can heartily support legislation which we feel fairly assists this special group and their survivors. Increased living expenses and the physical limitations associated with the elderly have necessitated some form of extra help. The question is how can this best be provided?

The VA projects that there will be approximately 102 thousand living World War I veterans in 1989. Recent figures indicate that approximately 30 thousand of these receive some sort of VA pension. Since H.R. 1918 prohibits dual receipt of pension under more than one VA program, recipients would choose which provision of this law would be advantageous.

Our concern is that the neediest World War I veteran would not benefit by H.R. 1918. A vast majority of potential beneficiaries of H.R. 1918 do not presently qualify for nonservice-connected pension because their annual incomes are in excess of this maximum income limitation rate. Those who are on the pension rolls and would elect to receive pension under H.R. 1918 have greater annual incomes than those pensioners for whom H.R. 1918 would not be advantageous.

We believe this bill would be more equitable if the pension were provided on a means tested basis using an income limitation similiar to the Improved Pension. Eligible pension recipients could then receive benefits under H.R. 1918 in addition to their regular pension. In this manner, the legislation would not only be more equitable, but could be achieved at approximately one third the cost of awarding all World War I veterans $150 per month regardless of outside income.

H.R. 3722, an alternative approach to the special needs of WWI veterans and their survivors, would provide the greatest benefit to those who need it the most. Although income limitations are increased annually as indexed by the Consumer Price Index, H.R. 3722 would provide a significantly larger increase that would benefit all eligible World War I pensioners and their survivors. The legislation would be costly since over 200 World War I survivors would realize a $600 increase in the annual income limitation. In addition, it is unclear how many new recipients would become eligible under H.R. 3722. If the cost of this proposed legislation is determined to be prohibitive, PVA could support increases of lesser magnitude than the ones proposed in the bill. In summary, we are in agreement with the intent of H.R. 3722 which is to provide an increase in income limitations for World War I pension recipients in excess of the Consumer Price Index.

Section 3203, Title 38 U.S.C.

I would like to take this opportunity to discuss another area which has a direct effect on many of our members. Present law state that when a nonservice-connected pension recipient, without dependents, is being furnished hospital or nursing home care by the VA, his or her pension will be reduced to an amount not in excess of $60 per month after three full calendar months of care.

Mr. Chairman, the present pension law, which exists to prevent severe poverty, is by virtue of Section 3203 causing extreme financial hardship for those hospitalized veterans affected by it.

A veteran's financial obligations do not end by virtue of the fact the government is temporarily providing room and board. Creditors do not postpone debts because of the medical misfortunes of their clients.

When Public Law 86-211 was enacted 28 years ago, it was reasoned by the Congress that a veteran who receives all essential care in kind as he does when hospitalized by the VA, the need for a money supplement to the basic essentials of daily living - food, shelter, and clothing - is greatly reduced. It was felt that the reduced pension would provide adequate funds for minor luxuries.

Mr. Chairman, $2 per day for such luxuries plus one's already meager outside income, turns a poverty stricken veteran into a completely bankrupt one. And once again, the neediest recipients are the ones who suffer the largest reductions in their pensions.

According to recent information obtained from the Department of Medicine and Surgery, the average length of stay for a spinal cord injured veteran in VA hospitals is 51 days. Although this average stay would not result in reduced pension, some of our members and other catastrophically disabled veterans are hospitalized well in excess of the 3 month period. Although the number of such cases is relatively small, the impact of the reduction can be financially devastating.

A recent letter from one of our nonservice-connected members hospitalized in the Richmond VAMC brings home the real life consequences of the pension reduction. In this case, he lost his mobile home and is far behind in his other obligations, small as they may be.

Mr. Chairman, PVA wishes to make several suggestions regarding an equitable solution to the existing hardships imposed by Section 3203. We concede any change to this provision should only affect hospitalized veterans and those being provided temporary six-month nursing home contracts. It should not be applicable to those who have little or no hope of ever leaving the institutional environment of a long-term nursing home or domiciliary.

We therefore propose two alternatives:

1) Eliminate the pension reduction in total for veterans, without dependents, who are hospitalized or who are being provided nursing home care when such care has not been authorized beyond a six month period.
2) Reinstate the provisions of Section 3203 of the Prior Pension Law. Under this provision, pension reduction would not occur until after six full months of hospitalization. Amounts withheld would be subject to payment after the veteran's discharge.

Mr. Chairman, PVA strongly urges this Subcommitte and staff to reassess the purpose of the pension reduction provision. We feel you will come to the same conclusion we did - the intent of Congress is not being upheld by a provision which causes severe financial hardship for these individuals who are already near the poverty line.

Mr. Chairman, that concludes my testimony. I will be glad to answer any questions you have.

ADDENDUM

"ARGUMENTS OF PARALYZED VETERANS OF AMERICA IN REGARD TO DIC BENEFITS"

PVA understands the rationale for awarding benefits based on military pay grade when a serviceman dies while in active military service. However, when a service-connected disabled veteran dies from service-connected injuries years after termination of military service, we believe, and have testified on numerous occasions, that there is little or no correlation for using military pay grade as the basis for computing the DIC benefit for a surviving spouse.

It is well documented that the cost of continous attendant care can greatly exceed the maximum aid and attendance allowance (A&A) given for service-connected disabilities. Furthermore, as is often the case, the spouse of a severely disabled veteran provides the extensive care needed by the veteran because of his service-connected disability.

The result is that despite a helpful A&A allowance, the spouses of service-connected disabled veterans often must provide daily time-consuming services which these veterans cannot obtain or provide for themselves. Spouses' services produce great savings for the government in situations where, without their assistance, veterans otherwise would require institutional care. This savings, reflected by in-home care provided by the spouse, cannot be overemphasized, especially when considering the astronomical cost of medical care today.

Most veterans, especially those who served in wartime, were not careerists, but were citizen soldiers who simply answered their nation's call to duty. Consequently, the majority served in the lower military pay grades, where debilitating injuries were most prevalent. Basing DIC on military pay grade, not on the degree of disability, therefore leaves many surviving spouses with inadequate benefits after the death of the veteran. This happens despite the service rendered to the nation, both by the veteran and by the surviving spouse who had assisted the veteran in living a meaningful life, free from costly institutions.

Upon becoming widowed, a surviving spouse who receives DIC may be willing to seek employment, but in many cases she would not have marketable skills (due to the constant care that she provided the veteran until his death). In addition, the spouse often must seek employment at an unrealistic and most difficult time in life, a time when others of comparable age are beginning their retirement.

PVA proposes that the formula for computing a surviving spouse's DIC rate be established at 75 percent of the deceased veteran's monthly compensation benefit, excluding the portion paid for the veteran's aid and attendance. PVA must emphasize that present beneficiaries must not be harmed by any amendment of the DIC program. That is, existing beneficiaries should be "grandfathered" under the current law, if it is not to their benefit to elect DIC payments under the new rate structure.

STATEMENT OF
STEPHEN L. EDMISTON
DEPUTY NATIONAL LEGISLATIVE DIRECTOR
DISABLED AMERICAN VETERANS
BEFORE THE
SUBCOMMITTEE ON COMPENSATION, PENSION AND INSURANCE
OF THE
COMMITTEE ON VETERANS AFFAIRS
U.S. HOUSE OF REPRESENTATIVES
April 28, 1988

MR. CHAIRMAN AND MEMBERS OF THE SUBCOMMITTEE:

On behalf of the over one million members of the Disabled American Veterans and its Ladies' Auxiliary, may I say that we deeply appreciate being given this opportunity to present our views on legislation (H. R. 4216) relating to the service-connected disability and death compensation programs of the Veterans Administration, as well as legislation (H. R. 1918 and H. R. 3722) concerning pensions for World War I veterans and their widows.

H.R. 4216

Mr. Chairman, the provisions of H.R. 4216 -- introduced in the House by yourself, Mr. McEwen, Full Committee Chairman Montgomery and Ranking Minority Member Mr. Solomon -- would authorize a 4.5% across-the-board increase in basic disability compensation and DIC benefit rates. The same percentage rate of increase would also be extended to the dependency allowances and, with one exception, to the special statutory awards and ratings that apply to the compensation and DIC programs, as well as to the VA's annual clothing allowance, payable to certain service-connected veterans whose prosthetic or orthopedic devices cause unusual damage to clothing.

The proposed increases carry an effective date of December 1, 1988, and, according to Congressional Budget Office (CBO) estimates, would require $400 million in Budget Outlays during Fiscal Year 1989.

To put it in more meaningful terms, Mr. Chairman, the benefit increases would range from a modest $36 per year ($3 monthly) for a veteran with a 10% service-connected disability to $756 more per year ($63 monthly) for a veteran who is determined to be 100% totally and permanently disabled due to a service-connected disability.

Mr. Chairman, in consideration of an increase in VA disability and death compensation benefits, it is important to recall the principle upon which these programs were established:

> Disability compensation paid to veterans attempts to represent, to the most practical degree possible, the average impairment in earning capacity caused by a service-connected disability. DIC benefits, on the other hand, are intended to provide a measure of financial security to surviving spouses and children of veterans whose deaths are attributable to a service-connected disability.

Over the years, this Subcommittee has been most diligent in its efforts to assure that the purchasing power of these benefits keeps pace with our society's rising costs of goods and services. The most recent adjustment of these rates authorized by Public Law 100-227 represented the 14th consecutive year that your Subcommittee has taken action on this most important issue.

I do wish to make special note of the fact that in its provisions, H.R. 4216 does not propose to increase the "k" award as set forth in Section 314(k), Title 38, U.S. Code. This is a special monthly benefit -- presently $63 -- paid in addition to the basic rates of compensation of certain veterans who have incurred a service-connected loss or loss of use of a single extremity or certain other body organs and functions.

This particular award has only been infrequently included in prior compensation bills over the years, although it was increased (by one dollar) two years ago to its present amount by Public Law 99-576. We therefore ask the Subcommittee to include the "k" award in any compensation bill that it may recommend to the Full Committee.

Mr. Chairman, with the concern noted above, the DAV does support favorable consideration of the disability compensation/DIC adjustments proposed by H.R. 4216.

Having stated that, we also state -- as we have done in recent years -- our willingness to pose no objection should the Congress decide, for the economic well-being of our nation, that the cost of living adjustments (COLAs) in all federal programs should be foregone or subject to delay in Fiscal Year 1989. As members of the Subcommittee are well aware, disabled veterans have been and continue to be willing to do their fair share for America.

However, in view of the fact that such a decision on the part of the entire Congress is not likely to materialize, we urge the Subcommittee's favorable recommendation of the cost of living adjustments as proposed in H.R. 4216 to the Full Committee.

Section 8 of H. R. 4216 proposes to recodify certain provisions of current law relating to benefits for surviving spouses and children of certain deceased totally disabled service-connected veterans.

Under current law -- Section 410(b), Subchapter II of Chapter 13, Title 38, USC -- benefits payable for a death held to be related to a service-connected disability are extended in the same manner to the surviving spouses and children of certain veterans who, at the time of death:

1. were continuously rated totally disabled, due to service-connected disability, for a period of ten or more years immediately preceding death; or

2. if so rated for a lesser period, were so rated continuously for a period of not less than five years from the date of such veteran's discharge or release from active duty.

Mr. Chairman, as indicated above and with one exception that I shall discuss in a moment, Section 8 of the bill proposes to take the existing Section 410(b) statutory language and place it in a new section of Chapter 13, such new section being designated as Section 418, Benefits for Survivors of Certain Veterans Rated Totally Disabled at Time of Death.

It is our understanding this change is deemed appropriate in order to emphasize that benefits paid under current Section 410(b) -- which shall continue to be paid under the proposed new Section 418 -- are extended under criteria separate and apart from a "normal" award of Dependency and Indemnity Compensation benefits.

We have no objection to this recodification of current language.

Mr. Chairman, the exception, noted above, that would be made in the recodification of current Section 410(b) statutory language relates to the definition of a surviving spouse. Current Section 410(b) language defines a surviving spouse as "...married to such veteran for not less than two years immediately preceding such veteran's death...."

The proposed recodification language to be placed in the new Section 418 would define a surviving spouse as one wherein...

(1) the marriage to the veteran occurred before the expiration of 15 years after the veteran's discharge or other release from active duty;

(2) the surviving spouse was married to the veteran for one year or more; or

(3) a child was born of the marriage or was born to them before the marriage.

Mr. Chairman, we fully support this liberalization in the definition of the term "surviving spouse" as it places such definition in an identical position with that which currently defines DIC spouses, as set forth in Section 404, Title 38, USC.

In fact, Mr. Chairman, in accordance with a resolution approved by the delegates to our organization's most recent National Convention, this proposed change fully satisfies the intent of our mandate, for which we are most appreciative.

As proposed, this section of the bill would take effect on October 1, 1988, if enacted.

Section 9 of H. R. 4216 proposes, through amendments to Section 524, Title 38, U.S. Code, to; (1) extend the temporary program of vocational training (under Chapter 31) for certain new pension recipients from January 31, 1989 to January 31, 1992, and (2) totally remove the current cap of 2500 such veterans who may receive evaluation and training as provided for under this section of law.

Finally, Section 10 of the bill proposes, to extend the continued operation of the Veterans' Administration Regional Office in the Philippines until September 30, 1991.

Mr. Chairman, the DAV has no official, mandated position with respect to either Section 9 or 10 of H. R. 4216. However, the DAV has no objection to their favorable consideration and passage, so long as the provisions of Section 9 of the bill does not adversely impact on the availability of the Chapter 31 Vocational Rehabilitation training benefits designed for entitled service-connected disabled veterans.

H. R. 1918 & H. R. 3722

Through appropriate amendments to Title 38, U.S. Code, H.R. 1918 and H. R. 3722, seeks to provide additional pension benefits to veterans of World War I and to the surviving spouses of such veterans.

H. R. 1918 proposes to authorize a special "service pension" of $150 per month to veterans of World War I and a pension of $100 per month for certain surviving spouses of such veterans.

The special "service pension" and the pension for surviving spouses, as proposed by H. R. 1918, could not be paid concurrently with any other pension payable by the VA.

If enacted, the provisions of H. R. 1918 would apply to payments for the months after September 1987.

H. R. 3722 on the other hand proposes, through amendment to Section 521(g), Title 38, U.S. Code, to increase the annual rate of pension payable to otherwise eligible World War I veterans by an additional $396.

Surviving spouses of World War I veterans who meet the requirements of Section 521(g), Title 38, U.S. Code would gain entitlement, if otherwise eligible, to an increased annual rate of pension of $600, through the addition of a new subsection (i) to Section 541, Title 38, U.S. Code.

The amendments proposed by H. R. 3722, if enacted, would take effect on October 1, 1988.

Mr. Chairman, the DAV has no official mandate in support of either H. R. 1918 or H. R. 3722. However, it is our observation that H. R. 1918 violates the long established principle of financial need that is the basis of the VA's nonservice-connected disability and death pension programs.

Consequently, those World War I veterans, or the surviving spouses of such veterans, who have been determined by the VA under the present pension program not to be in financial need would reap the greatest financial benefit, thereby creating disparate treatment among World War I veterans and their surviving spouses.

Furthermore, H. R. 3722, proposes an increase in the current nonservice-connected disability and death pension programs solely on the basis of an individual's participation in a specific war period. The net result of such a proposal is to treat veterans and surviving spouses of veterans, who have eligibility to the same programs, in a dissimilar manner. While current law, Section 521(g), Title U.S. Code, in fact already provides such dissimilar treatment, we do not believe this disparity should be further perpetuated.

Therefore, Mr. Chairman, the DAV is opposed to the favorable consideration and enactment of H. R. 1918 and H. R. 3722.

This completes my statement, Mr. Chairman. I do thank you for the opportunity to present the views of the DAV on these most important issues.

Statement of

The American Legion

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WASHINGTON, D. C. 20006

by

PHILIP R. WILKERSON, ASSISTANT DIRECTOR
NATIONAL VETERANS AFFAIRS AND REHABILITATION COMMISSION
THE AMERICAN LEGION

before the

SUBCOMMITTEE ON COMPENSATION, PENSION & INSURANCE
COMMITTEE ON VETERANS AFFAIRS
U. S. HOUSE OF REPRESENTATIVES

on

VARIOUS LEGISLATIVE MEASURES CALLING FOR DISABILITY
COMPENSATION RATE INCREASE AND SPECIAL PENSIONS

April 28, 1988

STATEMENT OF PHILIP R. WILKERSON, ASSISTANT DIRECTOR
NATIONAL VETERANS AFFAIRS AND REHABILITATION COMMISSION
THE AMERICAN LEGION
BEFORE THE SUBCOMMITTEE ON COMPENSATION, PENSION AND INSURANCE
COMMITTEE ON VETERANS AFFAIRS
U.S. HOUSE OF REPRESENTATIVES
APRIL 28, 1988

Mr. Chairman and Members of the Committee:

The American Legion is appreciative of this opportunity to share with you its views on legislation providing improvements in benefits payable by the Veterans Administration to veterans who were disabled in service to this nation and to the survivors of those veterans who were killed in action or died as a result of their service-connected disabilities. We shall also address measures proposing certain additional pension benefits for veterans of World War I.

H.R. 4216 - the "Veterans Compensation Amendments of 1988" would increase by 4.5 percent the monthly rates of disability compensation for service-connected disabled veterans, and a series of related benefits as described below. These proposed amendments are to become effective on December 1, 1988.

Section 314 of title 38, United States Code, currently provides for payment of compensation in amounts ranging from $71 to $1,474 monthly to those veterans with service-connected disabilities rated from ten percent to one hundred percent or totally disabling. Higher rates of special monthly compensation are payable for certain multiple disabilities evaluated in excess of one hundred percent.

Section (2)(b) of this bill would allow that the Administrator of Veterans Affairs may adjust administratively, consistent with the increases authorized in this section, the rates of disability compensation payable to persons within the purview of section 10 of Public Law 85-857, who are not in receipt of compensation payable pursuant to Chapter 11 of the title.

Additional monthly compensation for dependents is currently provided under section 315 of the title for the spouses, children and dependent parents of those veterans entitled to disability compensation and whose service-connected disabilities are rated not less than thirty percent disabling.

An annual clothing allowance of $380 is authorized under section 362 of the title to each veteran who, because of a compensable disability, wears or uses a prosthesis or orthopedic appliance or appliances which the Administrator determines to wear out or tear the clothing of such veteran.

Dependency and indemnity compensation is payable under section 411(a) of the title to the surviving spouse of a veteran killed in action or who dies of a service-connected disability. Monthly benefits are based upon the military pay grade of the individual upon whose service-connected death the entitlement is attributed. These pay grades range from E-1 through 0-10, and the current monthly benefits under the DIC program range from $518 to $1,327. Subsection (b) provides that where there is an eligible child or children of the veteran, these rates are to be increased by $60 for each child. Subsection (c) and (d) relate to additional monthly benefits for surviving spouses who are determined to be in need of aid and attendance or housebound benefits. The current monthly rates are $155 and $76 respectively.

Mr. Chairman, we wish to commend you for holding this timely hearing to consider legislation providing cost-of-living adjustments in both disability compensation and dependency and indemnity compensation benefits. The latest increase to these rates was provided under Public Law 100-227, effective December 1, 1987. The American Legion is strongly supportive of annual adjustments in service-connected disability, and survivors' death benefits to allow those entitled to such benefits to keep pace with the increasing costs of goods and services. The rates payable under these programs must be responsive to increases in the cost-of-living as measured by the Consumer Price Index. The Delegates to the 1987 National Convention of The American Legion adopted Resolutions 301 and 296 mandating support of legislation to provide cost-of-living increases in these benefits (copies attached). The 4.5 percent COLA called for by H.R. 4216 appears to be consistent with the projected rise in the Consumer Price Index.

H.R. 4216 also proposes a recodification of certain provisions of sections 404 and 410, title 38, United States Code, relating to dependency and indemnity compensation benefits payable to survivors of certain veterans rated totally disabled at the time of death, into new section 418. Under new subsection 418(a), DIC benefits will be paid to the surviving spouse and children of a deceased veteran described in subsection (b) of this section in the same manner as if the veteran's death were service-connected. Subsection 418(b) describes a deceased veteran referred to in subsection (a) of this section as one who dies, not as the result of willful misconduct, and who was in receipt of or entitled to (or but for the receipt of retired pay was entitled to receive) compensation at the time of death for a service-connected disability that either (1) was continuously rated totally disabling for a period of ten or more years immediately preceding death; or (2) if so rated for a lesser period, was so rated continuously for a period of not less than five years from the date of such veteran's discharge or other release from active duty. Subsection 418(c) provides that benefits may not be paid by reason of this section to a surviving spouse of a veteran unless (1) the marriage to the veteran occurred before the expiration of fifteen years after the veteran's discharge or release from active duty; (2) the surviving spouse was married to the veteran for one year or more; or a child was born of the marriage or was born to them before the marriage. The American Legion would pose no objection to these provisions.

H.R. 4216 includes a proposal to remove the limitation on the number of veterans who may be evaluated to determine their feasibility for vocational training or employment services following a grant of nonservice-connected disability pension, as contained in section 524(a)(3) of title 38, United States Code. This proposal would also extend the termination of the pilot program for vocational training for pension recipients to January 31, 1992.

Currently under this pilot program, veterans under the age of 50 who are awarded pension must receive an evaluation to determine whether or not a vocational goal is feasible. Veterans over the age of 50 who are awarded pension may elect to receive this evaluation. The total number of vocational evaluations is currently capped at 3,500 per year. The program became effective on February 1, 1985 and is scheduled to terminate on January 31, 1989, unless extended.

This program was established by Public Law 98-543 for the purpose of determining whether or not a vocational goal was feasible for certain pension recipients, and to authorize provision of vocational training and employment services to such veterans. In June 1987, this Subcommittee reviewed the results of the first twenty-four months of operation. Now, according to the Vocational Rehabilitation and Counseling Service, following a rather slow start in the first year, the activity in this program has increased significantly. Over the past three years a total of some 6,600 individuals have been evaluated. One-third of the 6,048 veterans under age 50 who were evaluated have been found feasible, and 512 have elected vocational training or employment services. Of those veterans over the age of 50, 607 requested evaluation. 282 were found feasible and 140 elected to receive vocational training or employment services. At present, there are 350 veterans still in a program of training or services. The overall number of vocational evaluations for pension recipients is expected to remain at a high level over the next few years.

The number of evaluations was initially limited to 2,500 in each year of the program. Based upon the level of activity, this has now been increased to 3,500. Once the statutory annual number of evaluations have been conducted, veterans who might subsequently be awarded pension are deferred to the next years program period. This, in our opinion, can have a very negative impact upon a veteran's motivation in entering into the program. We believe a specific limit on the number of evaluations is now unnecessary, particularly since it is unlikely that there will be any sudden or dramatic increases in the foreseeable future in the number of veterans coming onto the pension rolls. The VR&C Service has done a commendable job in accommodating this additional responsibility into their Chapter 31 workload and it appears they are able, thus far, to provide necessary services to all eligible veterans within a reasonable timeframe.

We do not feel we can leave the subject of vocational rehabilitation without a brief comment on the staff resources of the Vocational Rehabilitation and Counseling Service. The pilot program of vocational training for pension recipients was added by Congress to the existing workload of the VR&C Service. Their primary responsibility is to assist service disabled veterans in programs of rehabilitation and training, under Chapter 31. According to the Administration's budget request for FY 1989, there is a recommended decrease of 11 FTEE in the VR&C Service. This will come at a time of fairly high and sustained work levels in the Chapter 31 program, as well as in the pilot program for pension recipients. We feel very strongly that such a cutback in essential staffing will have adverse effects upon both the quality and timeliness of rehabilitation and counseling services to service-connected disabled veterans and eligible nonservice-connected pension beneficiaries.

H.R. 4216 would also amend section 230(b) of title 38, United States Code, authorizing the continued operation of the Veterans Administration Regional Office in the Philippines until September 30, 1991.

The American Legion believes the continued presence and operation of a VA Regional Office in the Philippines is essential to providing necessary and timely service to the thousands of service-connected veterans, their dependents and survivors, and the other claimants who reside under the jurisdiction of this office.

H.R. 3722 proposes an amendment to section 521(g) of title 38, United States Code, increasing the maximum annual rate of nonservice-connected disability pension payable to certain veterans to $1,800. It would also amend section 541 of the title by adding a new subsection that would increase the annual rate of pension payable to the surviving spouses of those veterans described in section 521(g) by $600. The category of veterans described by section 521(g) includes any veteran of a period of war, if veterans of such period of war were not provided educational benefits or home loan benefits similar to those provided to veterans of later periods of war under Chapters 34 and 37 respectively, of title 38, United States Code.

The Improved Pension Program, as enacted under Public Law 95-588, authorized additional pension benefits for those veterans defined under section 521(g). Currently, the annual rate of nonservice-connected disability pension is increased by $800 for such veterans. H.R. 3722 would increase this rate to $1,800 and also provide an increase of $600 to the annual rate of death pension payable to the surviving spouse of a veteran as defined by section 521(g). The American Legion supports the proposed amendments of H.R. 3722.

H.R. 1918 would amend Chapter 15 of title 38, United States Code, by including three new sections to authorize a service pension of $150 per month for veterans of World War I and for certain surviving spouses and dependent children of such veterans.

Under new section 513, a veteran of World War I who meets the service requirements of this section would be paid a pension at the monthly rate of $150. The service requirements are defined as active military, naval, or air service: for ninety days or more during World War I; during World War I and discharge or release from such service was for a service-connected disability; or for a period of ninety consecutive days or more which began or ended during World War I. The term World War I, for the purposes of this section, is defined as the period beginning on April 5, 1917 and ending on July 2, 1921, under section 101 of title 38.

Under new section 541a, the surviving spouse of a veteran of World War I meeting the service requirements of section 513 shall be paid a pension at the monthly rate of $100. Pension would not be payable to the surviving spouse unless the surviving spouse was married to the veteran before December 14, 1944; one year or more, or for a period of time, if a child was born of such marriage or was born to them prior to the marriage.

Both sections 513 and 541a include a provision requiring the veteran and surviving spouse to elect either to receive a service pension or pension benefits as provided under another section of title 38, United States Code.

Mr. Chairman, The American Legion owes a great debt of gratitude to the veterans of the first World War, as these valiant individuals founded this organization in 1919, following the hostilities of that war, and developed and nurtured the programs which have been responsible for the Legion becoming the largest veterans organization in the world.

Further, we believe it is necessary to remember that the veterans of World War I did not have available to them the generous programs provided for later generations of veterans. For them there was no GI Bill, Home Loan program, or other benefits which they vigorously supported for their children and grandchildren who served during World War II, Korea and Vietnam. And it must be remembered that these veterans, subsequent to their discharge from the Armed Forces, worked for years before the establishment of the Social Security program, and the development of adequate company pension plans.

In consideration of these facts, The American Legion has, for ten years, been mandated by action of our National Conventions to sponsor and support legislation which would establish a special pension program for the World War I veterans. As a result of Resolution No. 486, approved by the 1986 National Convention, draft legislation was prepared, submitted to the Committee, and introduced as H.R. 2448.

This measure would authorize the payment of $150 per month to each eligible veteran who is unmarried (or married but not living with and not reasonably contributing to the support of such veteran's spouse), and has no child, and such veteran's income does not exceed $12,000. If the veteran is married and living with or reasonably contributing to the support of such veteran's spouse, or has a child or children, and such veteran's income does not exceed $15,000, pension shall be paid the veteran at the monthly rate of $150.

The pension provided by our proposal would be paid without regard to any income of any kind payable to the spouse, and the corpus of estate of the veteran or the spouse.

In the determination of annual income under H.R. 2448, all payments of any kind or from any source would be included, except those presently excluded under the existing provisions of section 503 of the title.

Any veteran of World War I who would be eligible for pension under section 521 or any other section of the title would, if he or she elects, be paid such pension, and if benefits were paid pursuant to such an election, the election would be irrevocable.

In consideration of their dauntless service to country during the terrible ordeal of the first World War, their faithful support of this nation throughout all of its tribulations since that time, and their unselfish support for improved benefit programs for later generations of veterans, we of The American Legion believe it is time to provide this measure of special protection for the veterans of World War I.

The program proposed in H.R. 2448 is, we feel, a modest one. It is within the bounds of fiscal possibility, and would be a modest gesture to assure these proud and respected veterans a certain measure of economic security.

Mr. Chairman, that concludes our statement.

THE AMERICAN LEGION
SIXTY-EIGHTH ANNUAL NATIONAL CONVENTION
CINCINNATI, OHIO
SEPTEMBER 2, 3, 4, 1986

RESOLUTION NO:	486
CONVENTION COMMITTEE:	VETERANS AFFAIRS AND REHABILITATION
SUBJECT:	SPONSOR AND SUPPORT LEGISLATION TO AMEND TITLE 38, USC, SO AS TO PROVIDE SPECIAL PENSION PROGRAM FOR VETERANS OF WORLD WAR I

WHEREAS, The median age of the veterans of World War I approximates 86 years; and

WHEREAS, The number of living World War I veterans is decreasing steadily; and

WHEREAS, The surviving veterans of World War I are no longer employable, and in many instances are subsisting at or below the poverty level; and

WHEREAS, Through the years since November 11, 1918, these veterans have worked unremittingly to develop the comprehensive program of veterans benefits that is now provided for all American war veterans; and

WHEREAS, The veterans of World War I did not have the advantage of any of the readjustment programs provided for veterans of later wars; and

WHEREAS, The Government of the United States and the American people have a direct obligation to insure that all of the veterans of World War I are not forgotten in their later years; and

WHEREAS, The veterans of World War I are deserving of a special measure of attention because they have not received all benefits provided for veterans of other wars, and many of them live in a condition of economic deprivation; and

WHEREAS, The most efficacious and propitious way for the nation to fulfill its obligation to World War I veterans is to insure them an adequate monthly income; and

WHEREAS, The American Legion, which was founded by veterans of World War I, has a special obligation to look to their needs; now, therefore, be it

RESOLVED, By The American Legion in National Convention assembled in Cincinnati, Ohio, September 2, 3, 4, 1986, that The American Legion shall sponsor and support legislation to amend Chapter 15 of title 38, United States Code, by adding a new section entitled "Veterans of World War I" and, which will provide as follows:

(A) The Administrator of Veterans Affairs shall pay to each veteran of World War I, who meets the service requirements of this section, pension at the rate prescribed by this section.

(B) If the veteran is unmarried (or married but not living with and not reasonably contributing to the support of such veteran's spouse), and has no child, and such veteran's annual income does not exceed $12,000, pension shall be paid the veteran at the monthly rate of $150.

(C) If the veteran is married and living with or reasonably contributing to the support of such veteran's spouse, or has a child or children, and such veteran's annual income does not exceed $15,000, pension shall be paid the veteran at the monthly rate of $150.

(D) The pension provided for this section shall be paid without regard to (1) any income of any kind payable to the spouse, and (2) the corpus of estate of the veteran or the spouse.

(E) In determining annual income for the purpose of this section, all payments of any kind or from any source shall be included, except those presently excluded under the existing provisions of section 503 of this title.

(F) Any veteran who is eligible for pension under section 521 or any other section of this title shall, if he/she elects, be paid such pension. If pension is paid pursuant to such an election, the election shall be irrevocable.

(G) For the purpose of this section, the term World War I means the period beginning on April 6, 1917 and ending on November 11, 1918.

(H) A veteran meets the service requirements of this section, if such veteran served in the active military, naval, or air service,

1. For ninety days or more during World War I.
2. During World War I and was discharged or released from such service for a service-connected disability.
3. For a period of ninety consecutive days or more and such period began or ended during World War I, and
4. For an aggregate of ninety days or more in two or more separate periods of service during more than one period of war.

69TH ANNUAL NATIONAL CONVENTION
OF THE AMERICAN LEGION
SAN ANTONIO, TEXAS
AUGUST 25, 26, 27, 1987

RESOLUTION NO: 296

SUBJECT: SUPPORT LEGISLATION TO AMEND SECTION 411, 38, USC, SO AS TO INCREASE THE MONTHLY RATES OF DEPENDENCY AND INDEMNITY COMPENSATION

COMMITTEE: VETERANS AFFAIRS AND REHABILITATION

WHEREAS, The Servicemens' and Veterans' Survivors Benefits Act, effective January 1, 1957, established the dependency and indemnity compensation (DIC) program for those widows and children of servicemen and veterans who die of service-connected causes; and

WHEREAS, This Act, as amended, established a grade-related system of monthly DIC payments to eligible survivors; and

WHEREAS, As now provided under authorizing legislation, the Congress, from time to time, must enact legislation to provide cost-of-living increases for those widows and children receiving, or who may become eligible to receive DIC payments; and

WHEREAS, The American Legion believes that to maintain the purchasing power of these widows and children, or those entitled to receive these monthly benefits, the rates payable must be increased; now, therefore, be it

RESOLVED, By The American Legion in National Convention assembled in San Antonio, Texas, August 25, 26, 27, 1987, that The American Legion support legislation to amend section 411 of title 38, United States Code, to increase monthly rates of dependency and indemnity compensation.

69TH ANNUAL NATIONAL CONVENTION
OF THE AMERICAN LEGION
SAN ANTONIO, TEXAS
AUGUST 25, 26, 27, 1987

RESOLUTION NO: 301

SUBJECT: SUPPORT LEGISLATION TO AMEND SECTION 314, 38, USC, SO AS TO INCREASE THE MONTHLY RATES OF DISABILITY COMPENSATION

COMMITTEE: VETERANS AFFAIRS AND REHABILITATION

WHEREAS, Disability compensation is a monthly payment made by the Veterans Administration to a veteran because of a service-connected disability; and

WHEREAS, These disability compensation payments are based on a schedule of ratings of reduction in earning capacity from specific injuries or combination of injuries adopted by the Administrator of Veterans Affairs; and

WHEREAS, In response to increased cost of living and other factors, the weekly take home pay of the blue collar worker in non-agriculture employment is constantly increased; and

WHEREAS, To maintain the purchasing power of these disabled veterans, or those entitled to receive these monthly benefits, the rates payable must respond to cost-of-living increases; and

WHEREAS, It is the opinion of The American Legion that there is no way to adequately compensate a veteran for loss of ability to be a working, productive member of our society, and that the monthly rates of disability compensation do not adequately compensate these disabled veterans for their loss due to reduced earning capacity; and

WHEREAS, The American Legion believes a further readjustment in the amount of disability compensation rates is needed so that these veterans can fulfill their fundamental purpose, that is, to assure that they have sufficient economic maintenance; now, therefore, be it

RESOLVED, By The American Legion in National Convention assembled in San Antonio, Texas, August 25, 26, 27, 1987, that The American Legion support legislation to amend section 314 of title 38, United States Code, to increase the monthly rates of disability compensation.

THE NON COMMISSIONED OFFICERS ASSOCIATION OF THE UNITED STATES OF AMERICA

"STRENGTH IN UNITY"

Statement of

Richard W. Johnson
Director of Legislative Affairs

submitted to

Subcommittee on Compensation,
Pension and Insurance
Committee on Veterans' Affairs
U.S. House of Representatives

on

Compensation Improvements

April 28, 1988

NATIONAL CAPITAL OFFICE
225 N. Washington Street • Alexandria, VA 22314 • Tele: (703) 549-0311

NCOA

The Non Commissioned Officers Association of the USA, sincerely appreciates the ongoing efforts of this subcommittee to assure that compensation benefits for veterans and their survivors remain current. The Association is grateful for this professional dedication. In continuation of these efforts, the committee is meeting today to consider three bills. Under consideration are H.R. 4216, the Veterans' Compensation Amendments of 1988; H.R. 1918, the World War I Veterans' Pension Act; and, H.R. 3722, a bill to improve pension benefits for W.W.I veterans.

H.R. 4216

The compensation bill, H.R. 4216 addresses several issues. Foremost the bill provides for an increase of 4.5 percent in compensation and survivor benefits effective December 1, 1988. This figure approximates the anticipated increase in the cost-of-living during the year. Accordingly, NCOA supports these provisions.

Other provisions of H.R. 4216 recodify and make minor improvements in laws pertaining to survivor benefits, extend the Veterans Administration authority to maintain and operate a Regional Office in the Philippines for three years and extend and expand vocational rehabilitation opportunities for pension recipients. NCOA is pleased to lend its voice of support to these provisions.

W.W. I Veterans

The committee also has under consideration two bills to benefit W.W. I veterans and their survivors. NCOA is extremely sympathetic to the plight of these individuals. Most served at a time before the creation of veterans' benefits as we know them today. After W.W. I there was no G.I. Bill of Rights. Post service education benefits did not exist, nor did the government support home purchases through loan guaranty. In short, few of the rehibilitation, readjustment and support services available now were provided to W.W. I veterans or their survivors. Accordingly, NCOA believes it would be appropriate to provide some special recognition to W.W. I veterans.

H.R. 1918 would provide W.W. I veterans a special pension of $1,800 annually provided they are not already in receipt of VA pension benefits. Since VA pension benefits are only paid to needy veterans, then H.R. 1918 seems to reward those least in need of assistance. However, W.W. I veterans in need of pension already receive a supplemental benefit based on W.W. I service. That supplemental benefit is the subject of H.R. 3722, which seeks to raise W.W. I special pension payments from $800 to $1,800. However, H.R. 3722 is somewhat deceptive in that supplemental pension benefits for W.W. I veterans are currently $1,404 per year because of automatic cost-of-living adjustments in the benefit level. Thus, the proposed increase is really less than $400.

In fairness to all veterans, NCOA recommends that the committee draft its own bill to provide for W.W. I veterans. NCOA recommends that a stand-alone pension of $1,800, adjusted annually, be provided to all W.W. I veterans without regard to income from other sources, including other VA pensions. Such special recognition is long overdue.

Thank you.

STATEMENT OF

NOEL C. WOOSLEY
AMVETS NATIONAL SERVICE DIRECTOR

Before The

COMMITTEE ON VETERANS' AFFAIRS,

Subcommittee on Compensation, Pension and Insurance

U.S. HOUSE OF REPRESENTATIVES

On

H.R. 4216, Veterans Compensation Amendments of 1988
H.R. 1918, World War I Veterans' Service Pension Act
H.R. 3722, Improved Pension for World War I Veterans

9:00 a.m., April 28, 1988
Room 334, CHOB

Mr. Chairman, AMVETS is pleased to present its views on the bills enumerated in your invitational letter of March 25, 1988, and I shall address them in the order set forth in said invitation.

The introduction of H.R. 4216 by Chairman Applegate, once again shows the commitment of this subcommittee, and the Veterans' Affairs Committee as a whole, to America's veterans.

H.R. 4216 provides a 4.5 percent increase in the rates of compensation and dependency and indemnity compensation (DIC). We enthusiastically support this legislation, the purpose of which is to preserve the true value of disability compensation in the face of continuing, although diminishing inflation. We particularly appreciate the exemption of these unique entitlements from the indiscriminate Gramm-Rudman cuts.

The Administration's proposed Fiscal Year 1989 Veterans Administration budget, once again, includes proposed legislation that would index compensation benefits to the annual change in the Consumer Price Index. The Administration contends that, if enacted, this proposal would guarantee a full and timely cost-of-living adjustment to compensation beneficiaries, including DIC spouses and children.

AMVETS regards the Administration's proposal to Index Compensation and DIC COLA's as unacceptable, and we urge this committee and the Congress to reject any such proposal. The very nature of this type of legislation appears to be an attempt to undermine the authority of the Congress and circumvent the congressional principles on which the Veterans Administration was founded.

Mr. Chairman, having stated this we should also like to state our willingness to accept a delayed or reduced COLA increase if it is equitable and across the board for all federal programs. It must be noted that veterans have a special interest in this great nation of ours and therefore stand ready to do their fair share for the economic well-being of America.

With respect to H.R. 1918, AMVETS once again reaffirmed our commitment to those dedicated Americans who served during World War I. During our National Convention in St. Louis, Missouri Resolution #10 was unanimously supported. Resolution #10 is as follows:

WORLD WAR I PENSION

WHEREAS, fewer than 200,000 of the more than 4,744,000 veterans who served in World War I remain alive today; and

WHEREAS, the death rate of this oldest group of veterans continues to accelerate at an ever increasing rate; and

WHEREAS, the average age of this diminishing segment of the veteran population is approximately 90 years; and

WHEREAS, their overall income is generally at a substandard level in comparison to others; and

WHEREAS, the needs of these veterans have increased alarmingly and their financial stability has eroded in recent years due to adverse economic factors; now, therefore

BE IT RESOLVED, by AMVETS that we urge the Congress to enact legislation providing a statutory service pension for all surviving veterans of World War I, and their unremarried widows.

Therefore, based on National Convention mandate, we are in hopes that the Congress will take swift action to insure the passage of H.R. 1918.

AMVETS also supports the legislative initiatives as outlined in H.R. 3722. It is apparent that the targeted group of beneficiaries are deserving as well as in need. Needs based benefits and the improvement of same should always be reviewed for possible upgrading, especially when they impact those living on fixed incomes who now more than ever need VA assistance. Far too many of our older veterans and their dependents are living a substandard life style because their fixed incomes have not kept pace with the rising cost of living.

AMVETS wishes to thank the Chairman and members of this subcommittee for your efforts on behalf of Americas veterans, and we appreciate the opportunity to address these important issues.

STATEMENT OF
THE NATIONAL MILITARY FAMILY ASSOCIATION

The National Military Family Association (NMFA) is a volunteer, non-profit organization composed of members from the seven uniformed services, active duty, retired and reserve, and their family members and survivors. NMFA is the only national organization whose sole focus is the military family and whose goal is to influence the development and implementation of policies which will improve the lives of those family members.

The Dependent and Indemnity (DIC) program provides benefits, including a monthly annuity, for survivors of service members who die on active duty or of a service connected disability. NMFA appreciates this subcommittee's concern for the survivors of those who have given their lives in the service of their country.

Reductions in personnel compensation have caused some military families to be in financial debt at the time of the service member's death. Each time a military family moves on orders, they absorb $2 out of every $3 they spend on their Permanent Change of Station (PCS). Military families often pay for the shipment of part of their household goods out of their own pocket. Military moves are not infrequent. Two thirds of military families live in the civilian community and they are currently absorbing 22.5% of their housing costs, versus the prescribed 15%. Military personnel are now 11% behind the private sector in pay.

Active duty military families are young. Almost 50% of the enlisted force is 24 years of age or younger. Military children are young. Of the 1.7 million dependent children, 28% are under five years of age and an additional 29% are five to nine years of age.

Over 60% of military wives are in the work force, yet they earn less than their civilian peers and have an unemployment rate 2 1/2 times greater. Military wives are also underemployed. According to the 1985 Department of Defense Spousal Survey, 46% of enlisted wives and 35% of officers wives are employed below their skill level. Military spouses find it nearly impossible to advance in their own careers because of the frequent and unpredictable relocation associated with the military lifestyle. In addition, the frequent moves usually preclude spouses from earning any pension benefits in their own right.

Therefore, when the active duty service member dies, he leaves behind young children and a young wife who has been unable to secure jobs that were financially rewarding or that met her skill level. DIC often stands between these families and total financial destitution.

The older military widow has been unable to accrue pension benefits in her own right, although she may have worked to subsidize the military member's career. Her access to no cost health care in a Military Treatment Facility is becoming more and more restricted. CHAMPUS co-payments are often 40% rather than the mandated 25%. Since at least 50% of medical providers do not accept CHAMPUS, she must also complete complicated and confusing claims forms, and survive a long wait for reimbursement. She also suffers financially from a career spent subsidizing PCS moves and housing. DIC often stands between her and total financial destitution.

Adequate cost-of-living increases in Dependent and Indemnity Compensation are a necessity if survivors are to retain their financial viability.

NMFA FULLY SUPPORTS THE 4.5% COST-OF-LIVING INCREASE FOR DIC

NMFA remains concerned about the lack of information given to service families regarding the DIC program. DIC impacts on financial planning, including life insurance and funding children's education. Can military families make wise decisions, if they do not have all the correct information? Casualty assistance offered to the active duty widow is often extremely thorough. Sometimes it is not. Information about benefits that are not immediately applicable is often forgotten. At the time of her husband's death, a young widow with a baby and a toddler will not be thinking about education benefits for those children when they reach college age. A spouse of a retired member may be miles away from a military installation and has no idea where to go for assistance in making a claim for DIC. The spouse may not even know that she is entitled to the benefits of this program.

AS SPOUSAL CONCURRENCE IS NOW MANDATORY FOR THE SURVIVOR BENEFIT PROGRAM, SO MUST SPOUSES BE TOTALLY INFORMED OF THEIR BENEFITS UNDER DIC.

NMFA also strongly supports bringing the DIC entitlement into conformity with other federal survivor programs which allow surviving spouses to remarry at age 55 and retain benefits.

NMFA appreciates this opportunity to express its views on Dependency and Indemnity Compensation.